

# New secrecy rules drive over government

By Walter Taylor

Washington Bureau of The Sun

Washington—In late May, the Reagan State Department was embarrassed by the "leak" of several highly confidential memoranda suggesting closer relations with the South African government despite that country's racist policies.

The department did not officially confirm the memos' authenticity, although there was little in the documents that was inconsistent with the administration's publicly stated position on the thorny issues involved. What the department did do was pointedly announce it was going to ferret out those responsible for the leak.

Such leak investigations are nothing new, but only rarely are they announced publicly. During the final year of the Carter administration, there were 17 investigations of improper or unauthorized disclosures at the State Department alone.

The case of the South African papers, however, was intended to do more than stem the flow of embarrassing information to the press. Its announcement was meant to signal, according to officials involved, a more fundamental shift in government policy.

Administration spokesmen characterize it in terms of greater security consciousness. In a television interview last week, President Reagan himself labeled the "inability to control the leaks" his biggest disappointment since taking office.

But, some former government officials and civil libertarians describe it as an inherent penchant for secrecy on the part of the Reagan team that goes beyond stopping leaks. They say it includes limiting public access to a wide range of previously available government information.

One such critic, former Democratic Attorney General Benjamin R. Civiletti, in a recent interview faulted the Republican government for "tilting away from sunshine." Another, Representative Don Edwards (D, Calif.), chairman of the House Judiciary subcommittee on civil and constitutional rights, charged the administration with "government by stealth."

A Reagan administration official, J. Paul McGrath, who heads the civil division of the Justice Department, says the moves toward greater security in government merely rectify laxness in previous governments.

In this arena, a variety of far-reaching administration proposals to curtail public

access to information heretofore available to the public probably is of far greater significance—and to some, of greater concern—than an isolated leak investigation.

The most dramatic examples include the administration proposal to win from Congress for the Central Intelligence Agency and the FBI broad exemptions to disclosure requirements of the Freedom of Information Act; the scrapping by Attorney General William French Smith of Carter administration guidelines narrowly restricting prosecution of government leakers, and the support for legislation providing criminal penalties for anyone revealing the names of government undercover agents.

Receiving considerably less attention is an ongoing effort by the administration to rewrite guidelines regulating the classification of government documents, and day-to-day operational procedures designed to deny media access to certain information.

In the latter category, Mr. Smith, the attorney general, has abandoned the policy of his predecessor, Mr. Civiletti, of making available records of his business-related telephone calls, and at the White House members of the National Security Council staff are under strict prohibition against even receiving telephone calls from reporters.

One NSC staff member recently reported having to submit a written account of a conversation over dinner with two reporters, the substance of which barely touched on the workings of the administration's foreign policy apparatus.

At the CIA headquarters in Langley, Va., Director William J. Casey has ordered an end to routine "background" briefings for reporters involved in foreign affairs coverage and has halted publication of unclassified analyses for the public. The agency has cited time constraints and the need to lower its public profile as the reason for the moves.

The new classification guidelines, drafts of which have been circulated to various executive agencies in recent weeks, would reverse a two-decade trend by making it easier to clamp a seal of secrecy on government documents.

In effect, the order would do away with the practice of weighing the public interest in access to the information against the possible damage to national security involved in release of the material.

Steven Garfinkel, director of the Information Security Oversight Office, a bureau of the General Services Administration, said the proposed changes reflect a "new em-

phaticism, whose bureau is charged with assuring that all agencies of government are adhering to the guidelines. During the Carter years, he added, "Security was considered almost an evil. Now it isn't."

The combination of tighter security and greater latitude to punish leakers would seem designed to bottle up within the bureaucracy not only information deemed legitimately sensitive to national security, but also that which might only be politically volatile.

Mr. McGrath, the Justice Department official who drafted the revised policy statement on leaking, denied in an interview that there was any such intent.

The previous regulations, issued last December by the Carter Justice Department, cited a number of factors that should be considered before bringing suit against government employees for divulging information, either to the press or through books or publications of their own.

Announced by Mr. Civiletti, the regulations were designed to narrow a federal court ruling in the case of former CIA agent Frank W. Snepp III, that held that implicit in government service was a promise never to divulge sensitive information.

Mr. McGrath said the effect of the Civiletti guidelines was to condone unauthorized disclosures in some circumstances and, thus, they were "complicated and confusing" to government employees. "We wanted to be evenhanded," he asserted.

Under the revised rules, court action could be taken against any federal government employee who divulged classified or sensitive information, subject to final approval by the attorney general. It would not matter whether an employee had taken an oath of secrecy, as was the case with Mr. Snepp.

Mr. McGrath said the review procedure involving the attorney general was considered an adequate safeguard against persecution of employees whose disclosures might be of a political nature rather than related to national security.

Mark Lynch, the American Civil Liberties Union attorney who represented Mr. Snepp before the Supreme Court, took sharp exception to Mr. McGrath's assurances, asserting in an interview that the Reagan administration "clearly is out to get leakers who question government policy."

The new guidelines, coupled with proposed changes in the Freedom of Informa-

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NEW YORK TIMES  
29 November 1981

## Headliners



### Economic Intelligence

If knowledge is really power, Director of Central Intelligence William J. Casey, with his instant access to strategic economic data, is a powerful man indeed. According to the agency's deputy general counsel, Ernest Mayerfeld, Mr. Casey is also "a very honorable person." A good thing too. Mr. Mayerfeld has told him he need not put his stock holdings in a blind trust, as did his two immediate predecessors, and as did Mr. Casey himself when holding previous Federal posts. Instead, Mr. Casey should disqualify himself from dealing with specifics affecting his holdings. That could be difficult. According to his 1981 financial disclosure, Mr. Casey has at least \$1.6 million, possibly more than \$2.9 million, invested in firms with extensive foreign holdings.

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NEW YORK TIMES MAGAZINE  
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# THE RIDDLE OF ARMAND HAMMER

By Edward Jay Epstein

**I**n Moscow, on May 27, 1922, Vladimir Lenin, the ailing leader of the Russian Revolution, sent an urgent and secret message to Joseph Stalin, the newly appointed General Secretary of the Communist Party, instructing him and the Politburo to give their "particular support" to a young American and his trading venture. Lenin explained: "This is a small path to the American 'business' world and this path should be made use of in every way." The American was a 24-year-old graduate of the College of Physicians and Surgeons of Columbia University.

In Los Angeles, on Aug. 31, 1981, more than a thousand leading businessmen and politicians gathered at the Century Plaza Hotel for the presentation of the annual Armand Hammer Businessman of the Year Award. Bob Hope introduced Armand Hammer, now 83, as the "epitome of success" of American capitalism. He lauded him as "an industrialist, an art collector, a diplomat, and a philanthropist," all titles to which Hammer can lay indisputable claim. He is the head of Occidental Petroleum, the largest independent oil company in the world and itself the owner of giant subsidiary companies in such vital areas as food production and chemicals. Dr. Hammer, as he prefers to be called (in deference to the medical degree he has never used), also happens to be the owner of the Hammer and Knoedler Galleries, among the leading art dealers in America, and he is the chairman of the Armand Hammer Foundation, which donates millions of dollars every year to charitable causes.

But the most remarkable thing about Armand Hammer is that he created this personal empire largely by negotiating extraordinary deals with nations that have usually been hostile to the

to American capitalists. The son of one of the founders of the American Communist Labor Party, Hammer became a multimillionaire capitalist, thanks in large measure to his relations with the leaders of the Soviet Union. He has maintained cordial relations with Soviet leaders for more than half a century, providing Moscow with a vital link to Western industry and technology. (Six years ago Soviet leader Leonid I. Brezhnev gave Hammer a luxurious Moscow apartment, and Kremlin officials have proposed that he be named United States ambassador to the Soviet Union. Such recommendations have made some members of the Reagan Administration uneasy. Says one member of the President's inner circle, who asked not to be identified by name, "We simply don't know which side of the fence Hammer is on.")

Hammer also happens to be Jewish (by background if not belief), yet Libyan strongman Col. Muammar el-Qaddafi has made him a major beneficiary of Libya's oil wealth. In the early 1970's, Hammer negotiated an accommodation with Qaddafi that had the eventual effect of contributing to the growth and power of OPEC and which radically changed the oil business around the world. (Even though both Mobil and Exxon announced decisions to suspend production in Libya earlier this month, Occidental, the main channel of Libyan oil, declared its intention to continue production as usual.)

And although Hammer is a Democrat, he pleaded guilty and received a suspended sentence for providing secret and illegal campaign funds to then-President Richard M. Nixon in 1972.

**U**nderstanding the convictions and motivations that underlie these apparent contradictions is the key to understanding Hammer's skills as an international wheeler-dealer. On the other hand, are

ment. For example, on April 28, 1981 — the day after President Ronald Reagan reopened the door to trade with the Soviet Union by ending the embargo imposed in 1979 as a retaliation for the Soviet invasion of Afghanistan — Armand Hammer entered the Soviet Union aboard OXY 1, his private Boeing 727, one of the very few private aircraft permitted to fly in Soviet airspace. He had already dictated a letter to Ronald Reagan commending the President on his "courageous decision" and suggesting that renewed East-West trade was in the interest of the United States. Not incidentally, perhaps, it was also in Hammer's interest. His company was committed to ship a million tons of concentrated phosphoric acid to the Soviet Union annually for the next 20 years. This would provide Soviet agriculture with the liquid fertilizers that it desperately needs to improve crop yields. The deal, which Hammer reckoned to be worth no less than \$20 billion, had been nearly wrecked by the American embargo. Dr. Hammer was now flying to Moscow to get it moving again.

The OXY 1 has been specially designed for such intercontinental flights. Additional fuel tanks give the jet a non-stop range of up to 5,000 miles, and sophisticated telecommunications equipment allow Hammer to telephone almost anywhere in the world while en route. The 100-foot-long cabin has been reconfigured into a personal salon equipped with such small luxuries as a Betamax video recorder and a videotape library of Chaplin films. There is even a guest room, further forward.

On this flight, Hammer invited along as his guest David Murdoch, a Los Angeles financier who owned the largest interest in Iowa Beef Processors, the biggest and most advanced beef-packer in the world. Murdoch was also an avid collector of Arabian horses. At a dinner in Los Angeles earlier this year, he had told Hammer that the Russians had bred one of the finest lines of Arabian horses in the world, in-

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THE WASHINGTON POST  
28 November 1981

*Jack Landau*

# A Pattern Of Censorship

In the past 10 months, the Reagan administration has taken a series of political and legal actions that reflect a dangerous trend of undermining the values embodied in the First Amendment. There is no evidence that these various decisions were coordinated, except perhaps those involving the intelligence community. But there is evidence that—when faced with policy alternatives—the administration has consistently favored a philosophy of content censorship and suppression of government information rather than one encouraging the free flow of information and ideas.

Ultimately, this suppression philosophy is going to restrict the political rights of all citizens because it is going to limit news about government actions and decision-making that the public should have to evaluate the performance of its elected and appointed officials.

Here is a partial chronology of this emerging pattern:

**May:** Attorney General William French Smith decrees that government information requested under the federal Freedom of Information Act should be suppressed if any technical argument can be found supporting the suppression.

**June:** The administration supports the most punitive version of a bill that would make it a crime for the press to identify an intelligence agent or his source—even if the agent's name comes from public sources and even if the agent is violating federal law or agency regulations.

**June:** The administration asks the Supreme Court to rule that dossiers compiled by the FBI of Nixon administration critics and sent to the White House purely for political purposes should be exempt from public disclosure under the FOIA.

**August:** According to a report in The New York Daily News, the CIA decide to give background information to newsmen going abroad "provided that when they returned, they briefed the agency" on the information they collected.

**September:** Attorney General Smith announces that he will seek injunctions against all former intelligence agents who write books or articles without obtaining CIA clearance, even if the articles do no damage to the national security.

**September:** CIA Director William Casey approves a proposed presidential executive order that would allow intelligence agents to infiltrate and attempt to influence the activities of domestic organizations, including organizations whose main purpose is the pursuit of First Amendment goals, such as political groups, the news media and universities.

**September:** Casey tells Congress that the CIA should be entirely exempt from the FOIA because the act is jeopardizing intelligence sources.

**October:** The Justice Department refuses to come to the aid of a Charleston, W. Va., Daily Mail reporter, who was subpoenaed by the National Labor Relations Board in violation of the department's own guidelines on subpoenas to the press.

**October:** White House officials draft a proposed executive order designed to keep secret more historical documents in the areas of national defense and national security.

**October:** The Justice Department asks the Supreme Court to rule that, under the FOIA, passport and citizen application information filed by high officials of a foreign government—in this case, Iran—can be kept secret from the public. The case was won by The Washington Post Company in the U.S. Court of Appeals.

**October:** The administration introduces its bill to cripple the federal FOIA. This bill would provide for:

- New secrecy for law enforcement documents, including those documents showing that the FBI violated the law or its own regulations in investigations involving counter-intelligence, terrorism or organized crime.

- New secrecy for all official memos and notes dictated by or made as a "convenience" for government officials in the official performance of their government duties. These memos show that the government official has recommended or approved of illegal agency actions.

Cabinet agencies.

- New secrecy for the details of all lawsuits settled by the government, including settlements accomplished by improper political pressure or conflicts of interest.

- New secrecy for all government documents based on a radical expansion of the privacy exemption in the current FOIA.

- New fees and royalties for government research studies and reports—in effect, establishing for the first time a government copyright on government information.

Whatever the reasons for it, the president and his advisers should recognize that this emerging mosaic of secrecy and censorship is bound to have a dangerous impact on the public welfare.

*The writer is director of The Reporters Committee for Freedom of the Press.*

25 November 1981

STAT

## What's News—

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Casey's stock dealings won't be included in a Senate panel's investigation of the CIA director, the chairman of the Senate Intelligence Committee said. Unlike prior directors, Casey currently controls his own portfolio. The panel next week is expected to review a report on the four-month probe of Casey's business transactions.

\* \* \*

New secrecy proposals should be studied by the Senate Intelligence Committee before Reagan imposes them, the panel said. It has asked for a copy of the proposed presidential order that reportedly would classify a document if there is "reasonable doubt" whether it should be kept secret.

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PHILADELPHIA BULLETIN  
25 November 1981

## And Casey's investments need a blind trust

CIA Director William Casey, whose business ventures are already under investigation by the Senate Intelligence Committee, may hand the President another headache.

Unlike his boss and other key Cabinet members, Casey has decided not to put his personal stock holdings into a blind trust. Yet Casey is one of only a select few who have broad access to secret government data on international developments affecting at least \$1.8 million of his holdings in oil, gas and other foreign operations.

Under a 1965 presidential order and other government regulations, federal employees are prohibited from using government secrets in their private interests. "An employee shall avoid any action," one regulation on ethical conduct reads, "which might result in or create the appearance of using public office for private gain."

Ironically, the presidential order was signed by Lyndon Johnson who, a new biography reveals, did not put his own holdings in a private trust, as he claimed. Throughout his presidency, he continued to direct his private business affairs from the White House.

We see little difference between Johnson's deceptions and Casey's disregard of ethical regulations.

Casey's defense of his action: CIA deputy general counsel Ernest Mayerfeld said his own reading of the CIA contractor list indicates no areas of conflict. Besides, Mayerfeld says, Casey can simply disqualify himself in any specific matters affecting his holdings.

That's just lawyer talk. It doesn't solve the problem.

First, Casey is privy to inside information which has a direct bearing on the value of the stocks he and his wife own. "The CIA director will know almost before anyone else when an oil fire shuts down a major field in the Persian Gulf," one former intelligence official said, "or when a foreign government is planning to expropriate a U.S. firm."

Even if there is no conflict, the CIA director would have difficulty escaping at least the appearance of one.

Second, the President cannot afford the luxury of a CIA director who may be forced, in the middle of some international crisis, to disqualify himself.

If Bill Casey lacks the sophistication to see this, we wonder what he's doing running the most sophisticated intelligence operation in the world. The President needs to educate his man, or ask for his resignation.

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ATLANTA CONSTITUTION (GA)

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PALM BEACH POST (FL)

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## Casey's Secrets

William ("Guys Like Me Are Always Getting Sued") Casey is in the news again about the same subject: money.

The CIA director has refused to put his multi-million-dollar stock holdings into a blind trust, the practice followed by his predecessors — George Bush and Stansfield Turner — and by members of President Reagan's Cabinet with access to closely-held economic and intelligence secrets.

Further, Casey has continued to buy and sell stocks since taking office last February. Profit or losses made on such transactions are secret and names of the companies involved won't be known until next May, when all federal employees are required to file financial disclosure forms.

That is much too long for the public to wait to find out about the transactions, and the Senate Intelligence Committee is to be congratulated for beginning an investigation. Result of that investigation should, of course, be made public since Casey's personal integrity — not national security — is involved.

More to the point, Casey should be removed from the super-sensitive CIA post as soon as possible. He is a wheeler-dealer too often

caught on the fringes of questionable deals. He met with Robert Vesco, for example, about the same time Vesco, a fugitive from justice, gave \$200,000 to Richard Nixon's reelection campaign. Earlier, as chairman of the Securities and Exchange Commission, he blocked congressional investigators from obtaining access to files concerning International Telephone and Telegraph Corp.

Out of government, he has been sued once for plagiarism and twice for stock fraud. How can the public expect such a man to refrain from profiting from the secret information that crosses his desk?

Casey has large holdings in Superior Oil, for example, a company with dealings in the Persian Gulf, Thailand and South Africa. Only Casey knows whether he has acted on information obtained by the CIA concerning those areas.

President Reagan has been slow to understand the impropriety of his national security adviser's accepting \$1,000 to arrange an interview with Mrs. Reagan.

With much bigger bucks involved in Casey's case, the president should demand full disclosure by the CIA chief — and possibly a quick exit from government.



ATLANTA CONSTITUTION (GA)  
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## Investigate Casey ...

President Reagan should order William J. Casey, director of the Central Intelligence Agency, to place his multimillion-dollar stock holdings in a blind trust. If Casey doesn't conform, Reagan should fire him. And if Reagan doesn't do so, the appropriate congressional committees should take action.

Casey, since his nomination to be CIA director by Reagan, has survived various charges of questionable business practices in the past. But this is one situation — not placing his extensive holdings in a blind trust — that he must not be allowed to shrug off. It's a must, or he must be forced to go.

Casey never should have been appointed CIA director in the first place, because he's not qualified for the highly sensitive post. But not being qualified didn't stop Reagan from appointing a number of other persons to posts for which they were not qualified. Casey, and the others, met Reagan's political qualifications, and that he judged to be sufficient.

Securities laws prevent the use of "insider" information in the buying and selling of securities. Casey, as CIA director, has

nearly unparalleled access to the government's data on international economic developments — and Casey owns stocks in companies which are involved with oil, natural gas and strategic minerals, and which operate in nations of deep interest to U.S. intelligence.

"This is one more example of Casey skirting the edge," said one member of the Senate Intelligence Committee, which is investigating Casey's past business practices in other areas.

The two men who headed the CIA before Casey — Stansfield Turner and now-Vice President George Bush — established blind trusts to avoid any appearance of conflict of interest. But not Casey; in fact, there have been tradings of his holdings since he was confirmed as CIA director.

In addition to securities laws affecting all Americans, various government regulations place restrictions on officials' use of government information for private use. There's no question about it, legally and morally: Casey should establish a blind trust for his holdings. If he doesn't, show him the door.

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## Moynihan Says He Won't Review Casey's Control of Stock Portfolio

WASHINGTON, Nov. 24 (AP) — The acting chairman of the Senate Select Committee on Intelligence refused today to expand the panel's investigation of William J. Casey, the Director of Central Intelligence, to include a review of his control over his personal stock portfolio.

The acting chairman, Senator Daniel Patrick Moynihan, also dismissed concerns that Mr. Casey could use his insider type of knowledge about international economic developments to increase his wealth.

Senator Moynihan said at a news conference that the committee would meet next week to review a draft report on the panel's four-month investigation into Mr. Casey's fitness to continue as head of the Central Intelligence Agency and would vote on whatever recommendations the report made.

Asked if the issues raised by Mr. Casey's continued control of his stock portfolio had been discussed by the committee, Mr. Moynihan replied, "They have not and won't."

### Precedent Broken by Casey

Senator Moynihan, a New York Democrat, is acting chairman of the committee while the chairman, Senator Barry Goldwater, Republican of Arizona, is recovering from hip surgery.

Mr. Casey, who has access to the Government's secret data on international economic developments, has broken the precedent of the last two Directors and maintained control over his stock portfolio.

The Director and his wife own stock whose value has been estimated to range from \$1.8 million to more than \$3.4 million in 27 corporations with major foreign operations. Many of the compa-

nies are involved with oil, natural gas and strategic minerals, and operate in areas of special interest to American intelligence agencies.

Stanley Sporkin, general counsel to the C.I.A., said that some of Mr. Casey's stocks had been traded since the 68-year-old former Wall Street lawyer took office. But Mr. Sporkin added that Mr. Casey would not disclose what had been bought and sold until next May 15, when top Government officials must file financial disclosure statements.

### 'Unique Information' Cited

Meanwhile, Senator Patrick J. Leahy, another committee member, said he considered it "a mistake for someone in a position like Director of the C.I.A. or other positions where you have unique information to be still actively involved in day-to-day investments."

Mr. Leahy, a Vermont Democrat, said in an interview that if Mr. Casey's stock transactions since taking office "had come to light earlier," questions about them "would have been asked, but now it's up to Senator Moynihan and Senator Goldwater."

But Mr. Moynihan refused to raise additional committee questions about Mr. Casey's recent stock trading. "The staff work is over and done," the Senator said.

He also scoffed at the possibility that the Director of Central Intelligence could use confidential economic data to increase his wealth.

"I would like to think that you could make a killing in the stock market just having the information that the C.I.A. has about the way oil prices are going in Abu Dhabi," Mr. Moynihan said, adding that C.I.A. officials "know about as much as Forbes knows." He was referring to the business magazine.

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7MOYNIHAN SAYS CASEY'S STOCK DEALINGS WON'T BE REVIEWED

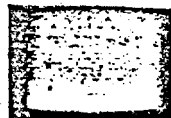
ASSOCIATED PRESS WRITER

SEN. DANIEL PATRICK MOYNIHAN, D-N.Y., ALSO DISMISSED CONCERNS THAT CASEY COULD USE HIS INSIDER-TYPE KNOWLEDGE ABOUT INTERNATIONAL ECONOMIC DEVELOPMENTS TO INCREASE HIS WEALTH, SAYING THE CIA "KNOWS ABOUT AS MUCH AS FORBES," BUSINESS MAGAZINE.

ASKED IF THE ISSUES RAISED BY CASEY'S CONTINUED CONTROL OF HIS STOCK PORTFOLIO HAVE BEEN DISCUSSED BY THE COMMITTEE; MOYNIHAN ANSWERED: "THEY HAVE NOT AND WON'T."

CASEY, WHO HAS ACCESS TO THE GOVERNMENT'S SECRET DATA ON INTERNATIONAL ECONOMIC DEVELOPMENTS, HAS BROKEN THE PRECEDENT OF THE PAST TWO CIA DIRECTORS AND MAINTAINED CONTROL OVER HIS STOCK PORTFOLIO.

CIA GENERAL COUNSEL STANLEY SPORKIN SAID SOME OF CASEY'S STOCKS HAVE BEEN TRADED SINCE THE 68-YEAR-OLD FORMER WALL STREET LAWYER TOOK OFFICE; BUT HE ADDED CASEY WOULD NOT DISCLOSE WHAT HAS BEEN BOUGHT AND SOLD UNTIL NEXT MAY 15, THE DATE WHEN INCUMBENT OFFICIALS MUST FILE REGULAR FINANCIAL DISCLOSURE STATEMENTS.



CHICAGO TRIBUNE  
24 November 1981

## The practical view of spying

As director of the Central Intelligence Agency, William Casey seems to take a thoroughly practical view of his job: If the United States benefits from secret data collected by his agency, why shouldn't he benefit as well?

This is the apparent reason for Mr. Casey's refusal to follow established practice and give up control of his personal stock holdings. If there is a better reason, he should explain it in detail and soon. The Reagan team does not need more disclosures about its members' overdeveloped appetite for money.

Mr. Casey and his wife own stock worth at least \$1.8 million in 27 corporations with important foreign holdings. As head of the CIA, he has access to secret information of all kinds on economic conditions in other countries. He would be virtually the first to know where a major crop was likely to fail, or an oil exploration succeed, or a leftist government take over an American-owned firm; and such knowledge is an immense advantage to a stock-market investor.

The possible conflict of interest is obvious. Other officials with access to economic secrets avoid even the appearance of conflict by putting their holdings in blind trusts; President Reagan, Vice President Bush, Secretary of State Alexander Haig, and Treasury Secretary Donald Regan, among others, have done so as a matter of course. So did Mr. Casey's two immediate predecessors at the CIA, Mr. Bush and Adm. Stansfield Turner. (Defense Secretary Caspar Weinberger did not go to that length, but did divest himself of stock in companies doing business with the Pentagon.)

Not Mr. Casey. According to Stanley Sporkin, general counsel of the CIA, he keeps final control

over his stock holdings even though an adviser handles day-to-day investment decisions. Said Mr. Sporkin: "There's no requirement that I know of to put his holdings in a blind trust. The only reason you would do it is if there is a need, and I don't see a need...You're dealing with a very honorable person. He wouldn't misuse information. He just wouldn't do that."

Mr. Sporkin weakened this reassurance a bit with a further comment. Mr. Casey had put his holdings in a blind trust when holding key economic posts in the Nixon and Ford administrations. Said Mr. Sporkin: "I think he got burned on his last blind trust...It is a very onerous thing to do." This appears to mean that Mr. Casey won't have a blind trust because it might again cause him to lose money, and he does not intend to do that while overseeing the nation's foreign-intelligence network.

This is hardly a major scandal. It just strengthens an impression that the Reagan administrative team is a bit too singleminded about staying rich. Certain past business dealings of Mr. Casey's are already under investigation by the Senate Intelligence Committee, and the new disclosure comes just when Richard Allen, President Reagan's national security adviser, is under fire for accepting a \$1,000 "thank you" fee from a Japanese magazine for arranging an interview with Nancy Reagan.

If Mr. Reagan wants to avoid firing any of his players, he'd better give them a tough talk in the dressing room. They're supposed to be winning one for the Gipper—and incidentally for the United States—not protecting their bank accounts.

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FOR PUBLIC AFFAIRS STAFF

PROGRAM Morning STATION WDVM TV  
CBS Network

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SUBJECT Director Casey and Conflict of Interest

CHARLES KURALT: CIA Director William Casey has raised eyebrows on Capitol Hill again by refusing to put his stocks, worth millions of dollars, in to a blind trust while he's serving in the government. That's not illegal. But since many of Casey's stocks are those of corporations which do business abroad in countries where the CIA also operates, the Senate Intelligence Committee plans to take up the matter.

Previous Directors of the CIA have set up blind trusts for their investments in order to avoid the appearance of conflict of interest.

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THE WASHINGTON POST  
23 November 1981

## Despite Accepted Practice, Casey Keeps Control of Stocks

By Michael J. Sniffen and Robert Parry  
Associated Press

CIA Director William J. Casey, one of a handful of men with broad access to the government's secret data on international economic developments, has reversed the practice of his two predecessors and kept control of his personal stock holdings.

Casey and his wife own stock worth at least \$1.8 million, and perhaps more than \$3.4 million, in 27 corporations. Many of the firms are involved with oil, natural gas and strategic minerals and operate in nations of deep interest to U.S. intelligence.

Unlike Casey, others with access to closely held economic secrets—including President Reagan, Vice President Bush, Secretary of State Alexander M. Haig Jr. and Treasury Secretary Donald T. Regan—placed their holdings in blind trusts. Secretary of Defense Caspar W. Weinberger divested his stock in companies which do business with the Pentagon, but he did not create a blind trust.

Casey, whose past business dealings are under investigation by the Senate Intelligence Committee, maintains ultimate control over his stocks although an investment adviser handles day-to-day management of the portfolio, according to CIA general counsel Stanley Sporkin.

Speaking for Casey, Sporkin said the adviser has bought and sold stock on Casey's behalf since the former Wall Street attorney took over at the CIA last January. Sporkin said Casey was not aware of what had been purchased, but the CIA counsel said he could not say Casey was unaware of what had been sold.

He declined to identify any Casey stocks bought or sold, but noted that the law requires incumbent officials by May 15 of each year to disclose the value, within broad ranges, of each stock transaction during the previous year.

Casey owns more than \$250,000 in Superior Oil Co., which deals with the Abu Dhabi government on how much oil Superior can pump in the Persian Gulf. Superior also has been negotiating with Thailand on the sale of natural gas and the firm has approved for release 2005/12/14 : CIA-RDP91-00901R000400130002-1 South African platinum subsidiary.

Among the other firms in which he holds stock are Schlumberger Ltd., a Netherlands

Antilles-based firm that provides technical assistance to the oil industry; Philip Morris, a worldwide tobacco and soft-drink firm; Dome Petroleum Ltd., a Canadian oil firm, and Standard Oil of Indiana, which has oil or gas operations on five continents.

[Meanwhile, Intelligence Committee sources say that for nearly half his term as chairman of the Securities and Exchange Commission in the 1970s, Casey did not comply with a written commitment to Congress that he would put all of his family holdings in a blind trust.]

A 1965 presidential order and existing regulations prohibit federal employees from using nonpublic information obtained through their government work "for the purpose of furthering a private interest."

In addition, existing government-wide regulations on ethical conduct say "an employee shall avoid any action, whether or not specifically prohibited . . . which might result in or create the appearance of using public office for private gain."

Casey's predecessors—Bush and Stansfield Turner—set up blind trusts, citing concerns over the appearance of conflict of interest.

Sporkin said Casey asked early this year whether he should create a blind trust and was told Feb. 3 by CIA deputy general counsel Ernest Mayerfeld he did not have to.

Mayerfeld was unreachable, but Sporkin explained: "There's no requirement that I know of to put his holdings in a blind trust. The only reason you would do it is if there is a need and I don't see a need."

He said of Casey, "You're dealing with a very honorable person. . . . He wouldn't misuse information. He just wouldn't do that."

According to his 1981 financial disclosure statement, Casey has at least \$1.6 million and possibly more than \$2.9 million invested in firms with extensive foreign operations. In addition, Casey's wife Sophie holds between \$175,000 and \$515,000 in similar firms, and Casey has sizeable holdings in domestic oil operations whose value is affected by foreign developments.

White House counsel Fred Fielding and J. Lee White, both reviewed Casey's holdings and said they relied on Mayerfeld's judgment that Casey did not need a blind trust.



WILLIAM J. CASEY  
... holdings worth at least \$1.8 million

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ON PAGE A-20

NEW YORK TIMES  
22 NOVEMBER 1981

# Group Goes From Exile to Influence

By DAVID SHRIBMAN

Special to The New York Times

WASHINGTON, Nov. 22 — The Committee on the Present Danger, a little-known foreign policy group, found itself in an unusual position at its annual meeting here this month. More than a sixth of its members had been forced to take leaves of absence.

Such a depletion of ranks makes the committee the envy of the special interest and study groups that abound in the nation's capital. The Committee on the Present Danger, which was formed five years ago to press for a strong posture against the Soviet Union, has placed 32 of its 182 members in the Reagan Administration thus far. Some of them helped develop the ideas that led to President Reagan's speech last week offering arms-control proposals to the Soviet Union.

The best-known and most influential of the former committee members is, of course, Ronald Reagan. But alumni of the committee are sprinkled throughout the highest levels of the Government, amounting to a virtual takeover of the nation's national security apparatus.

One alumnus, Richard V. Allen, is Mr. Reagan's national security adviser. Another, William J. Casey, is Director of Central Intelligence. A third, Jeane J. Kirkpatrick, is the United States representative at the United Nations. Yet another, John F. Lehman, is Secretary of the Navy.

## The Tucked-Away Power Centers

Then there are the officials whose names turn up less frequently in the news but who occupy some of the tucked-away power centers of Government. There is Under Secretary of State James L. Buckley, whose area is security assistance, science and technology; Under Secretary of Defense Fred C. Iklé, whose area is policy; three members of the National Security Council and eight members of the Foreign Intelligence Advisory Board.

The transformation of the committee into one of the capital's bases of influence has raised eyebrows. "It happened so fast that we're almost amazed ourselves," said Charles Tyroler 2d, the committee's director and a member of the Administration's Intelligence Oversight Board.

"The organization didn't have much clout as an organization, mostly because it was only in existence for five years," said a high-ranking State Department official who would speak only on the condition that he not be identified. "But now the people in it are having a big impact. The Administration seems to be exposing their views lock, stock and barrel, and has taken in the people with them."

The committee was conceived



Allen



Casey



Kirkpatrick



Buckley

## Committee on the Present Danger Members in the Administration

**Ronald Reagan**  
President of the United States  
**Kenneth L. Adelman**  
U.S. Deputy Representative to the United Nations  
**Richard V. Allen**  
Assistant to the President for National Security Affairs  
**Martin Anderson**  
Assistant to the President for Policy Development  
**James L. Buckley**  
Under Secretary of State for Security Assistance, Science and Technology  
**W. Glenn Campbell**  
Chairman, Intelligence Oversight Board, and member, President's Foreign Intelligence Advisory Board  
**William J. Casey**  
Director of Central Intelligence  
**John B. Connally**  
Member, President's Foreign Intelligence Advisory Board  
**Joseph D. Douglass Jr.**  
Assistant Director, Arms Control and Disarmament Agency  
**John S. Foster Jr.**  
Member, President's Foreign Intelligence Advisory Board  
**Amorella M. Hoeber**  
Deputy Assistant Secretary of the Army for Research and Development  
**Fred Charles Iklé**  
Under Secretary of Defense for Policy  
**Max M. Kampelman**  
Chairman, U.S. Delegation to Conference on Security and Cooperation in Europe  
**Geoffrey Kemp**  
Staff, National Security Council  
**Jeane J. Kirkpatrick**  
U.S. Representative to the United Nations  
**John F. Lehman**  
Secretary of the Navy  
**Clare Booth Luce**  
Member, President's Foreign Intelligence Advisory Board

**Paul H. Nitze**  
Chief Negotiator for Theater Nuclear Forces (TNT)  
**Edward F. Noble**  
Chairman, U.S. Synthetic Fuels Corp.  
**Michael Novak**  
U.S. Representative on the Human Rights Commission of the Economic and Social Council of the United Nations  
**Peter O'Donnell Jr.**  
Member, President's Foreign Intelligence Advisory Board  
**Richard H. Perle**  
Assistant Secretary of Defense for International Security Policy  
**Richard Pipes**  
Staff, National Security Council  
**Eugene V. Rostow**  
Director, Arms Control and Disarmament Agency  
**Paul Seabury**  
Member, President's Foreign Intelligence Advisory Board  
**George P. Shultz**  
Chairman, President's Economic Policy Advisory Board  
**R. G. Stilwell**  
Deputy Under Secretary of Defense for Policy  
**Robert Strausz-Hupe**  
Ambassador to Turkey  
**Charles Tyroler 2d**  
Member, Intelligence Oversight Board  
**William H. Van Cleave**  
Chairman-Designate, General Advisory Committee, Arms Control and Disarmament Agency  
**Charles E. Walker**  
Member, President's Economic Policy Advisory Board  
**Seymour Weiss**  
Member, President's Foreign Intelligence Advisory Board  
**Edward Bennett Williams**  
Member, President's Foreign Intelligence Advisory Board

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7AM-CASEY STOCKS, 300

7WITH AM-CASEY INVESTMENTS BJT

WASHINGTON (AP) - HERE IS A PARTIAL LIST OF STOCK HOLDINGS DISCLOSED IN JANUARY BY CIA DIRECTOR WILLIAM J. CASEY ALONG WITH HIS VALUATIONS:

MORE THAN \$250,000:

SUPERIOR OIL CO., A MULTINATIONAL OIL, NATURAL GAS AND MINING FIRM; SCHLUMBERGER, LTD., A NETHERLAND ANTILLES-BASED FIRM THAT PROVIDES TECHNICAL SERVICES TO THE OIL INDUSTRY WORLDWIDE; PHILIP MORRIS, A WORLDWIDE TOBACCO AND SOFT DRINK CORPORATION.

BETWEEN \$100,000 AND \$250,000 IN CORPORATIONS WITH FOREIGN OPERATIONS:

DOME PETROLEUM LTD., A CANADIAN OIL FIRM; STANDARD OIL OF INDIANA, WHICH HAS OIL OR GAS OPERATIONS ON FIVE CONTINENTS; KERR-MCGEE CORP., A RESOURCES FIRM INVOLVED IN OIL DRILLINGS OFF NIGERIA AND BRAZIL AND IN THE NORTH SEA AND ARABIAN GULF; SOUTHLAND ROYALTY CO., WHOSE OIL AND NATURAL GAS LEASES STRETCH INTO CANADA; RAYCHEM CORP., A MANUFACTURER OF ELECTRICAL INSULATION WITH LARGE OVERSEAS OPERATIONS; DATA GENERAL CORP., A MAJOR INTERNATIONAL COMPUTER FIRM.

BETWEEN \$100,000 AND \$250,000 IN DOMESTIC OIL FIRMS:

AMAREX INC., AN OKLAHOMA-BASED OIL AND GAS FIRM; APACHE CORP., AN OIL, GAS, INDUSTRIAL AND AGRICULTURAL FIRM OPERATING AT 17 SITES THROUGHOUT THE UNITED STATES.

BETWEEN \$50,000 AND \$100,000:

IBM, THE OFFICE EQUIPMENT GIANT WHICH DOES BUSINESS IN 124 COUNTRIES; ENGELHARD MINERALS AND CHEMICAL CORP., WHICH WAS AFFILIATED IN JANUARY WITH PHIBRO, AN INTERNATIONAL SUPPLIER OF 150 RAW MATERIALS; ATLANTIC RICHFIELD, WHICH PRODUCES OR SELLS OIL, NATURAL GAS OR COPPER IN INDONESIA, BRAZIL, THE NETHERLANDS, LIBERIA, MEXICO AND WEST GERMANY; HALLIBURTON, A WORLDWIDE FIRM SPECIALIZING IN OIL FIELD WORK, ENGINEERING AND CONSTRUCTION; DATAPoint CORP., AN INTERNATIONAL PRODUCER OF COMPUTER-BASED OFFICE EQUIPMENT.

BETWEEN \$15,000 AND \$50,000:

JOHNSON & JOHNSON, A WORLDWIDE SUPPLIER OF HEALTH CARE PRODUCTS; ROLM CORP., A MANUFACTURER OF COMPUTERS FOR USE IN SEVERE ENVIRONMENTS.

BETWEEN \$5,000 AND \$15,000:

DENNISON MFG. CO., A MANUFACTURER OF PAPER PRODUCTS WITH SUBSIDIARIES IN EUROPE, SOUTH AMERICA, AUSTRALIA AND ASIA.

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R H RYLZVTBYL A0508 22 November 1981

7AM-CASEY INVESTMENTS; BJT - 2 TAKES; 700-1200

7CIA CHIEF KEEPS CONTROL OVER BIG INVESTMENT

7LASERPHOTO NY9

7BY MICHAEL J. SNIFFEN

7AND

7ROBERT PARRY

7ASSOCIATED PRESS WRITERS

WASHINGTON (AP) - CIA Director William J. Casey, one of the few men with broad access to the government's secret data on international economic developments, has reversed the practice of his two predecessors and kept control of his personal stock holdings.

Casey and his wife own stock worth at least \$1.8 million, and perhaps more than \$3.4 million, in 27 corporations with major foreign operations.

Many of the firms are involved with oil, natural gas and strategic minerals and operate in nations of deep interest to U.S. intelligence.

Unlike Casey, others with access to closely held economic secrets - including President Reagan, Vice President George Bush, Secretary of State Alexander M. Haig Jr. and Treasury Secretary Donald T. Regan - placed their holdings in blind trusts. Secretary of Defense Caspar Weinberger divested his stock in companies which do business with the Pentagon, but he did not create a blind trust.

Casey, whose past business dealings are under investigation by the Senate Intelligence Committee, maintains ultimate control over his stocks although an investment adviser handles day-to-day management of the portfolio, according to CIA general counsel Stanley Sporkin.

Speaking for Casey, Sporkin said the adviser has bought and sold stock on Casey's behalf since the former Wall Street attorney took over at the CIA last January. Sporkin said Casey has not aware of what had been purchased, but the CIA counsel said he could not say Casey was unaware of what had been sold.

He declined to identify any Casey stocks bought or sold, but noted that the law requires incumbent officials by May 15 of each year to disclose the value, within broad ranges, of each stock transaction during the previous year.

Many Casey investments are with firms whose trading prices could rise and fall on international developments. For instance, Casey owns more than \$250,000 in Superior Oil Co., which deals with the Abu Dhabi government on how much oil Superior can pump in the Persian Gulf. Superior also has been negotiating with Thailand on the sale of natural gas and the firm has an interest in a South African platinum subsidiary.

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NEW YORK TIMES  
22 NOVEMBER 1981

# C.I.A.'s Casey Departs For In Keeping Control of His

WASHINGTON, Nov. 22 (AP) — William J. Casey, the Director of Central Intelligence, one of a handful of men with broad access to secret Government data on international economic developments, has reversed the practice of two predecessors by keeping control of his stock holdings.

Mr. Casey and his wife own stock worth at least \$1.8 million, and perhaps more than \$3.4 million, in 27 corporations with major foreign operations. Many of the concerns have oil, natural gas and strategic minerals operations and are involved in nations of interest to American intelligence.

Mr. Casey's immediate predecessors at the C.I.A., Vice President Bush and Adm. Stansfield Turner, set up blind trusts, saying that they wished to avoid the appearance of conflicts of interests.

Unlike Mr. Casey, others with access to strategic economic secret, — including President Reagan, Mr. Bush, Secretary of State Alexander M. Haig Jr. and Treasury Secretary Donald T. Regan, put their holdings in blind trusts. Defense Secretary Caspar T. Weinberger sold his stock in companies doing business with the Pentagon, but did not create a blind trust.

## No Violation of Rules

Fred F. Fielding, the White House counsel, said that Mr. Casey had not violated Reagan Administration guidelines on stock holdings.

The director, whose business dealings are under Senate Intelligence Committee investigation, has ultimate control over his stocks, although an investment adviser handles their day-to-day management, according to the intelligence agency's general counsel, Stanley Sporkin.

Speaking for Mr. Casey, Mr. Sporkin said that the adviser had bought and sold stock on Mr. Casey's behalf since the former Wall Street attorney took over the agency directorship in January. Mr. Sporkin said that Mr. Casey was not aware of what had been purchased, but he said he could not say that Mr. Casey was unaware of what had been sold.

He declined to identify any stocks bought or sold for Mr. Casey. He noted that a law requires senior officials, each May 15, to disclose the value, within broad ranges, of each stock transaction in the previous year.

Many Casey investments are with companies whose trading price could rise and fall with international developments. For instance, Mr. Casey owns



The New York Times

William J. Casey

more than \$250,000 in Superior Oil Company stock. The company deals with Abu Dhabi on how much oil it can pump in the Persian Gulf. Superior has also been negotiating with Thailand on natural gas sales and has an interest in South African platinum.

A 1965 Presidential order and existing regulations prohibit Federal employees from using information not in the public domain and obtained through their Government work "for the purpose of furthering a private interest." A Government-wide regulation on ethical conduct says "an employee shall avoid any action, whether or not specifically prohibited . . . which might result in or create the appearance of using public office for private gain."

Such rules led Mr. Bush to sell nine stocks and create a blind trust for his investments in 1976, after becoming C.I.A. director.

Admiral Turner, who had investments worth less than \$350,000, said, "I knew I wasn't going to misuse any information, but the safest move for me to be sure that I didn't have an appearance of conflict was to put those holdings in a blind trust."

## Even Quaker Oats Questionable

He said that he could have made a trust unnecessary by shifting investments into stocks "with no conflict with C.I.A., like Quaker Oats." But he cor-

Quaker Oats, because C.I.A. estimates the Russian oat crop."

As Director of Central Intelligence, Mr. Casey receives information from agents and analysts, and from United States Air Force satellites and the National Security Agency's electronic intercepting equipment.

Three former officials at the security agency, who asked not to be identified because the functions of the agency were classified, said that, backed by legal authority and sophisticated technology, the agency monitors a large volume of international communications by multinational firms, foreign corporations and other governments.

One official said: "The C.I.A. Director will know almost before anyone else when an oil fire shuts down a major field in the Persian Gulf; whether the Chinese have to buy wheat or have a major oil find and need drilling equipment or when a foreign government is planning to expropriate a U.S. firm."

"Few people have access to all of this, but Casey's one of half a dozen people who have got it all."

## Trust Inquiry Referred to Counsel

Mr. Sporkin said that Mr. Casey had asked whether he should create a blind trust. A deputy general counsel for the C.I.A., Ernest Mayfield, told him Feb. 3 that he did not have to.

Mr. Mayerfeld could not be reached, but Mr. Sporkin said: "There's no requirement that I know of to put his holdings in a blind trust." Referring to Mr. Casey, he went on: "You're dealing with a very honorable person. He wouldn't misuse information. He just wouldn't do that."

Mr. Sporkin said Mr. Mayerfeld had consulted a classified list of intelligence contractors before advising Mr. Casey that he did not have to sell stocks or create a trust, but should disqualify himself from dealing with specifics affecting his holdings.

Though not required to do so, Mr. Casey put his holdings in a blind trust when he headed the Securities and Exchange Commission, and when he served as Under Secretary of State for Economic Affairs and head of the Export-Import Bank in the Nixon and Ford administrations.

"I think he got burned on his last blind trust," Mr. Sporkin said. "It is a very onerous kind of thing to do."

Mr. Sporkin would not make public Mr. Casey's agreement with his invest-

Continued

ment adviser, nor would he identify that person. But he said that the compact does not forbid Mr. Casey from ordering stock transactions and does not prevent him from knowing what he holds. Both are tests of Government approval of a blind trust.

According to his 1981 financial disclosure statement, Mr. Casey has at least \$1.6 million and possibly more than \$2.9 million invested in concerns with extensive foreign operations. In addition, his wife, Sophie, holds between \$175,000 and \$515,000 in such firms. Mr. Casey also has sizable holdings in domestic oil whose value is affected by foreign devel-

opments.

Mr. Fielding and J. Jackson Walter, head of the Government's ethics office, reviewed the Casey holdings and said that they relied on Mr. Mayerfeld's judgment that Mr. Casey did not need a blind trust. A spokesman for the Senate Intelligence Committee, Spencer Davis, said that the panel accepted Mr. Walter's assurance that Mr. Casey had complied with the law.

In July, the committee began investigating Mr. Casey's past dealings, after a disclosure of Federal court rulings that criticized his role in a now-defunct venture.

NATIONAL JOURNAL  
21 November 1981

## DEFENSE REPORT

# Reagan's Effort to Reshape May Revive Debate over Age

The President is about to sign an executive order on the delicate question of how to balance national security with

BY DOM BONAFEDE

The Reagan Administration, intent on revitalizing the U.S. intelligence apparatus, is seeking to assure that the changes conform to President Reagan's goals—to combat international terrorism and other perils to national security.

After several false starts, Reagan will shortly disclose the revisions in a new executive order—the third presidential directive governing intelligence activities in the past five years. In addition, William J. Casey, director of the Central Intelligence Agency, has taken administrative and organizational measures to further centralize operations under his aegis.

On another front, the Administration is pushing legislation to exempt the CIA from Freedom of Information Act strictures and is supporting a bill that would prohibit unauthorized disclosure of information identifying U.S. intelligence operatives.

Each of these steps is part of a concerted effort to strengthen the nation's intelligence machinery in keeping with Reagan's hardline defense posture and his political ideology.

Reagan's new executive order, covering the CIA and a galaxy of sister intelligence agencies, could nonetheless provoke an intense national debate over the delicate balance between individual rights and national security. Two earlier draft proposals, leaked to the press by antagonists, were purportedly designed to expand the CIA's jurisdiction to include domestic counterintelligence, lawfully the province of the Federal Bureau of Investigation.

That raised the specter of surreptitious entries, mail openings, electronic surveillance and infiltration of political groups and even legitimate business organizations. It has triggered fears that the "new

CIA" will be like the old CIA, which in a torrent of headlines in the 1970s was exposed for illegally spying on American citizens, exhibiting a cavalier disregard for civil liberties, participating or conspiring in overseas assassination attempts and masterminding a host of bizarre, costly and embarrassing James Bond-like plots.

Adm. Bobby R. Inman, the deputy CIA director, publicly declared in March that while the reins on the agency may be eased, the scope of the proposed changes has been distorted and exaggerated. Yet, should Reagan persist in "unleashing" the CIA, the consequences almost certainly would be to revive the highly charged dispute over the proper role of the intelligence community in a free society.

The President has already been put on notice by the intelligence oversight committees in the House and Senate that the overwhelming majority of their members are opposed to any proposals that would allow the CIA to conduct covert domestic operations.

On Oct. 30, the Senate Select Committee on Intelligence, headed by Barry Goldwater, R-Ariz., sent its recommendations on the proposed executive order to Richard V. Allen, assistant to the President for national security affairs. Allen and an assistant, Donald Gregg, director of the National Security Council's intelligence cluster, are handling the issue for the White House. Although the committee's report is confidential, it is known that the members, in a bipartisan agreement, dissented from proposals that would permit the CIA to engage in domestic operations and offered several modifications. An addendum attached to the report included the views, mainly in opposition to particular provisions of the executive order, of 8 of the 13 committee members.

On the same day, Edward P. Boland,

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hearing by the House Select Committee on Constitutional Rights. Rodino and Don Edwards, D-Calif., the subcommittee chairman, contend that the executive order falls within their purview because it would diminish the authority of the Attorney General and the FBI in domestic intelligence matters. Both the Justice Department and the FBI come under the committee's jurisdiction.

"Most people don't know how far the order goes," Edwards said. "We're trying to let the American people and the media

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THE WASHINGTON POST  
18 November 1981

**JACK ANDERSON**

## CIA Seeking Early Return To 'Bond' Days

After an all-too-brief period of hunkering down, when exposure of its illegal activities shocked the nation, the CIA is once more on the offensive. It is trying to persuade Congress that it should be allowed to invade the FBI's turf and conduct domestic operations—one of the things that got the spooks in trouble in the first place.

What's more, the CIA is demanding that it be exempted from most provisions of the Freedom of Information Act, thus assuring that future misbehavior would be harder to detect. Clearly, the old-boy network at the CIA pines for the "rogue elephant" days when it could literally get away with murder, and relishes the prospect of an early return to that halcyon James Bond era.

The Reagan administration, like others before it, tried to bring the spy agency under control, and soon felt the power of the CIA's elite. The rank outsider appointed to head covert operations, Max Hugel, was soon forced out after mysteriously orchestrated charges of questionable business dealings. A similar "destabilizing" campaign has been directed at Director William J. Casey, who is

enough of a bureaucratic infighter to have survived so far.

A top-secret analysis, originally prepared for the new administration's CIA transition team, is being restudied now at the White House. It lays the problem out bluntly.

The report warned that it was inevitable President Reagan and his advisers would be "told repeatedly by virtually everyone in policy positions at the agency that the CIA is a highly professional, nonpolitical agency that produces 'objective' intelligence." The analysis comments witheringly: "Those assertions are arrant nonsense."

Claiming strict objectivity and piously wrapping themselves in the flag are merely the automatic defensive "cover" adopted by the CIA elite to protect their weak flank: the lack of Civil Service job security. The CIA director can fire anyone he chooses, and this has always spooked the old-boy network.

"For that reason," the analysis explains, "the CIA self-image—and its projection to any incoming director—is part of an elaborate self-defense mechanism developed over the years as an artificial protective device in lieu of the normal protections of career Civil Service status."

"In part out of a mutual drive for individual and corporate self-preservation, the CIA has become an elitist organization which engenders incredible loyalty among its staff and retired personnel.... The bu-

reaucracy of the Central Intelligence Agency—for self-preservation—must create and constantly reinforce its elitist image and status as 'untouchable' to insure self-perpetuation."

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ARTICLE APPEARED ON PAGE 2 18 November 1981

**CIA:*****'Jabberwocky' at Brown***

Brown University has found 13 students "guilty of infringement of the rights of others to participate in a university function" because they protested a speech by CIA director William Casey.

The 13 were part of a group that recited the Lewis Carroll poem "Jabberwocky" for three minutes during an hour-long presentation by Casey at Brown Oct. 15. The university disciplinary council imposed no punishment in the case.

Casey had been invited to lecture at the Providence, R.I., school as part of a lecture series on national security sponsored by the ultra-rightist John M. Olin Foundation. The students asserted the case represented an attempt "to suppress First Amendment rights that sets a dangerous precedent."

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THE WASHINGTON POST  
18 November 1981

# Senate Committee Upholds B1 Bomber Funding, 21 to 7

By George C. Wilson  
Washington Post Staff Writer

The Senate Appropriations Committee handed President Reagan his second major victory on defense in two days yesterday by voting 21 to 7 to build the B1 bomber.

On Monday, the House Appropriations Committee approved the land-based MX missile.

Reagan proposed both weapons systems in October as part of his plan to beef up strategic firepower. Both proposals have been controversial, with approval by Congress much in doubt.

Both Sen. Ernest F. Hollings (D-S.C.), who tried to kill the B1, and Rep. Joseph P. Adabbo (D-N.Y.), who sought to delete funding for the MX, vowed to renew their fights when the defense appropriations bills are debated in the two chambers later this week.

The House committee has approved \$196.5 billion in spending authority for the Pentagon for fiscal 1982, about \$4 billion less than Reagan sought, while the Senate unit, by voice vote yesterday, approved \$203.8 billion. Congressional leaders hope to have a compromise version through both houses and ready to send to the president by Friday.

The MX was not voted on in the Senate committee yesterday. Chairman Mark O. Hatfield (R-Ore.) said he would wait until the bill reaches the floor before seeking to delete money for the MX and for chemical warfare. This left the Hollings B1 amendment as yesterday's key test of how well Reagan has managed to sell his defense strategy to the Senate.

Hollings said the B1 would not buy enough bang for the buck, and urged that the \$2.4 billion earmarked for the bomber be spent instead on upgrading military readiness. He quoted testimony by Defense Secretary Caspar W. Weinberger that the B1, due to be ready in 1986, would not be able to penetrate Soviet air defenses after 1990.

Weinberger told the Senate Armed Services Committee Nov. 5 that, after the period of "probably 1988 to 1989," with the B1 "you lose the ability to penetrate unless someone wants to direct suicide missions, and that is not anything I am going to do."

At another point in the same hearing, Weinberger said: "The simple fact is that the information I have, the department has, on which the decision was based was that it would be no longer safe to utilize the B1 as a penetrating bomber after approximately that year"—1989 to 1990—"if the Soviet rate of development does continue at the rate we think it will..."

"I think there is no question whatever," Weinberger continued, "that we will not be able to use the B1 as a penetrator after 1990. If it goes to 1992, that will be a little extra dividend."

In the last two weeks, Pentagon civilians, Air Force generals and Central Intelligence Agency Director William J. Casey have had to go to great lengths to undo the damage this testimony did to the B1 proposal in Congress.

On Nov. 10, Weinberger and Casey jointly signed a letter to the Senate defense appropriations subcommittee "intended to clarify capabilities" of the B1 and other U.S. bombers. In contrast to Weinberger's testimony, the letter said the new B1 "would have the capability to penetrate anticipated Soviet air defenses well into the 1990s in a multitude of employment modes and to perform effectively as a cruise missile carrier and as a conventional bomber into the next century."

Shortly before voting on the Hollings amendment yesterday, committee members received a secret briefing on the radar-evading Stealth bomber under development. The test versions of that plane were small, about the size of the Navy's A4 Skyhawk, and experienced crashes partly attributable to the unique shapes and other radar-foiling techniques employed. The Pentagon's argument is that Stealth cannot yet be relied on as the bomber of the future, so the B1 should be built until the advanced plane is proved out.

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LOS ANGELES TIMES  
15 November 1981

## Casey Lighting a Fire Under the CIA but Problems Persist

By ROBERT C. TOTH,  
Times Staff Writer

WASHINGTON—Despite an arrogant manner and a tendency to mumble, CIA Director William J. Casey has come a long way, even his critics concede, in restoring morale at the once badly shattered Central Intelligence Agency.

And spending for U.S. intelligence activities has been increased 10%, even though American agents overseas have not exactly been "unleashed" as President Reagan promised during the 1980 election campaign.

U.S. agents conducted about 10 undercover operations in the final year of Jimmy Carter's Administration, the same number as are now in progress.

"There is certainly more enthusiasm for (intelligence) operations now," one official said. "But they are limited by budget constraints, congressional oversight and the fact that this Administration does not yet have a coherent foreign policy which covert operations would be used to support."

"When they get their policy act together," this official predicted, "there will probably be more operations. The Carter Administration needed a moral rationale for such things. Until Afghanistan, they had none and there were virtually no clandestine activities for the first three Carter years."

### Excuses Not Needed

"They saw the Soviet invasion as immoral, so gun-running (of Soviet-made arms from Egypt) to the Afghan rebels was justified. These (Reagan) people don't need such excuses," the official said.

But even as Casey and Reagan have moved to reinvalidate the nation's intelligence agencies, new problems have cropped up and some lingering, old problems have taken on new twists. For instance:

—The sordid "gun for hire" exploits of such former Central Intelligence agents as Edwin P. Wilson, who is accused of exporting terrorist equipment to Libya, have inspired questions about the activities of CIA men once they leave the agency, especially those who use expertise

revived speculation about Russian "moles" inside U.S. intelligence agencies.

—The leaking of U.S. secrets to the press, although greatly reduced, has yet to be stopped.

The most recent case of leaked secrets found White House "hard-liners" pitted against CIA "liberals," reversing past patterns, amid almost comic confusion.

The case involved a CIA plan, approved by the White House, to provide several hundred thousand dollars to political activists in Mauritania, an Arab country in northwestern Africa, to counter money funneled to Mauritania by Libya. It was laid before the House and Senate Intelligence committees in June.

House Democrats objected to the operation and wrote a rare letter of protest to Reagan, whereupon the proposal was killed.

Existence of the letter was leaked a month later by White House officials, sources said, in an attempt to embarrass CIA leaders, including Casey and Deputy CIA Director Bobby R. Inman, who opposed efforts to give the CIA domestic spying authority.

The White House officials, led by Richard V. Allen, national security adviser to the President, have pushed for a "stronger" executive order to the intelligence agencies to satisfy the "unleashing" promises made in the campaign and to improve U.S. counterintelligence capabilities.

The comic aspects then began. A Democrat on the House Intelligence Committee, based on second-hand knowledge, told a reporter the CIA plan was aimed at overthrowing, perhaps even assassinating, Libya's Moammar Kadafi. A White House official told a reporter, wrongly, that the target country was Mauritius, which is a black southeast African country. The correct country then was identified to calm the infuriated citizens of Mauritius.

"We shot ourselves in the foot with three countries over a plan that was never approved," one intelligence officer complained. "The KGB must still be laughing."

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Moreover, the FBI's counterintelligence division "does not need any unleashing," a senior FBI official said. "We have all the scope and range of authority we need to perform our mission." He also implied that he thought the FBI did not need any help from the CIA in its work.

Among congressmen on record against such moves are all the members of the Senate Intelligence Committee, both Republicans and Democrats. As Sen. Malcolm Wallop (R-Wyo.), put it, Reagan will be "pilloried" if he exposes "law-abiding Americans to CIA scrutiny."

### Concerns of Congress

At least one more draft of a Reagan executive order for the CIA, which is intended to replace the 1978 order issued by Carter, is being written "to reflect the concerns of Congress," according to senior intelligence officials. Its release is expected within a few weeks.

Casey must take some blame for the controversy. Although he backed the intelligence community's view against the White House in the end, he long failed to heed warnings that Congress was not prepared to loosen the reins very much on intelligence activities.

This was part of Casey's larger failure to take Congress seriously during his first six months on the job, congressional and other sources said. He usually sent Inman, a congressional favorite and highly respected professional intelligence officer, to explain his policies to the lawmakers.

"It was a mistake to rely too



THE ECONOMIST  
14 November 1981

## Keep on guessing

Confused about whether the administration believes nuclear war can or cannot be limited to Europe, whether it thinks the budget will or will not be balanced in 1984, or whether it does or does not intend to raise taxes? Well, at least you know it is going to rearm America with the help of the MX missile and the B-1 bomber. Isn't it?

Yes, it is, unless both houses of congress vote against these weapons by November 18th. They are unlikely to do so, but congressional opposition has been growing apace—partly because everyone is so confused about the costs and capabilities of the two weapons. The main questions concern:

**The MX's vulnerability.** Congress has been repeatedly told by military experts that the MX missile would have to be based in a mobile system, since a fixed system would render it vulnerable to increasingly accurate Russian warheads. The Reagan administration, however, believes that the first 20-40 of the 100 MX missiles it wants to build should be

put in hardened silos now used to house Titan missiles. The defence secretary, Mr Caspar Weinberger, believes this means of deployment would do for a few years. The chairman of the joint chiefs of staff, General David Jones, is sceptical. So is the (Republican) chairman of the senate armed services committee, Senator John Tower, a vigorous proponent of rearmament.

In March the administration asked congress for \$2.95 billion for developing the MX in fiscal 1982; last month it reduced that to \$1.99 billion. The defence appropriations subcommittee of the house of representatives has since voted it down.

**The B-1's cost.** The Pentagon has estimated the cost of the 100 B-1s the administration wants to build at \$20.5 billion, in 1981 dollars; by the time they have all been delivered the total cost, taking account of inflation, will rise, it believes, to about \$28 billion. The (independent) congressional budget office thinks the figures will be \$26.2 billion, in

1981 dollars, and \$39.8 billion taking account of inflation.

**The B-1's capability.** Mr Weinberger told congress in early October that the B-1 might not be able to penetrate Russian defences beyond 1990. The Central Intelligence Agency also produced a report indicating that there would be little difference between the B-1 and the aircraft it is to replace, the B-52, in terms of its ability to penetrate Russian defences. This week Mr Weinberger and the head of the CIA, Mr William Casey, reversed themselves in a joint letter to influential congressmen, saying that the B-1 would be able to do its job well into the 1990s.

**Stealth's development.** Last month Mr Weinberger told congress that the new stealth bomber, designed to escape radar detection by the enemy and being developed faster than expected, might be ready by 1989, just three years after the B-1 would go into service. This week the Pentagon's top scientist said this was not in fact so.

Forecasting costs and capabilities is difficult. So, it seems, is sticking to your forecast.

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NEW YORK TIMES  
13 NOVEMBER 1981

## F.B.I. CHIEF BACKS INFORMATION CURB

### Webster Says Details of Three Areas Should Be Excluded From Public's Scrutiny

By DAVID SHRIBMAN  
Special to The New York Times

WASHINGTON, Nov. 12 — William H. Webster, Director of the Federal Bureau of Investigation, said today that details of the bureau's investigations into foreign counterintelligence, organized crime and terrorism should be released only to members of Congress and not to the public.

Testifying before a Senate Judiciary subcommittee on the sixth day of hearings on revision of the Freedom of Information Act, Mr. Webster said the F.B.I.'s information in the three areas should be placed beyond the reach of the act, which permits the public to request documents detailing Government activities.

The Reagan Administration submitted a proposal to Congress last month that would permit the Attorney General to keep secret selected information on those areas. His decision, however, would be subject to court appeal.

#### 'They Are Vulnerable'

"Most of our foreign counterintelligence, organized crime and terrorism investigations are detailed and extensive," said Mr. Webster. "As a result, they are more vulnerable to analysis by those who have something to gain from trying to identify sources and to ascertain the scope and limitations of our efforts. Groups of individuals are free to pool our releases and subject them to detailed analysis."

Mr. Webster said that information released under the act might be put to use by criminals or foreign agents. He said, however, that the bureau did not know whether 60,000 pages of its documents provided to a West Coast lawyer representing clients connected with the Weather Underground group assisted those involved in the recent deaths of two police officers and a Brink's guard in a robbery in Nyack, N.Y.

"We do know two of those apprehended had received documents and were suing us under F.O.I.A. for more information," he said.

#### Documents to Miss Chesimard

Mr. Webster said that the act, as written, permitted foreign agents and criminals to obtain a blueprint of the bureau's investigative techniques. He added that 1,700 pages of documents obtained by Joanne Chesimard, who was convicted in 1977 of the murder of a New Jersey State Trooper, Werner Foerster, may have helped her elude the authorities since she escaped Nov. 2, 1979 from the Clinton Correctional Institute for Women in New Jersey.

The act permits the F.B.I. and other law enforcement agencies to withhold reports of informers, but other information must be released unless it would identify a source. "It is our task to review thousands of pages line by line, word by word, to determine what information, if released, would identify a source," said Mr. Webster. "There is no litmus paper test. We have to make the decision, and in making that judgment we do not know, cannot know and have no way of knowing what the recipients of our releases already know."

In an appearance before the subcommittee nearly two months ago, William J. Casey, the director Central Intelligence, urged that intelligence agencies be granted "total exclusion" from the act. No such proposal has reached Capitol Hill yet, but the Administration expects to submit one.

#### Press Representatives Object

Representatives of several press groups contested the contentions of bureau officials that the act discourages potential sources from sharing information with the F.B.I. or that it endangers the lives of informants.

"The longer we listen to the F.B.I. about the need for changes in the law enforcement exemption, the more we are persuaded that the bureau is simply crying 'wolf,'" said Jean Otto, editor of the op-ed page of The Milwaukee Journal and a representative of the Society of Professional Journalists, Sigma Delta Chi. "Every time the bureau tries to prove that law enforcement has been damaged by the F.O.I.A., the claim collapses."

She said the group plans to file a request under the act tomorrow to determine the nature and extent of promotional materials the F.B.I. has distributed to persuade Capitol Hill that the act makes it easier to identify informants.

Edward Cony, vice president for news for the Dow Jones Publishing Company and a representative of the American Society of Newspaper Editors, said the act "over-protects the F.B.I. and other Federal law enforcement agencies."

Ernie Ford, managing editor of KSL-TV News in Salt Lake City added: "Journalists, at least in our state, live and die in most cases by the public record. And by extension, so does the public. The public record is our tool to tell the public what is going on in Government — whether the Government wants anyone to know it or not."

## Short-sighted spies?

President Reagan and his Central Intelligence Agency chief, William Casey, have been told in a top-secret report that they should reverse declining American expenditure on the CIA's spy-in-the-sky satellites. Prepared by intelligence experts at the request of Reagan's aides, the report says that "collection systems generally, both human and technical, have been grossly underfunded during the Carter years as a continuation of budget cuts initiated during the Ford administration" and that the United States is "funding and planning to fund only about one-half the number of the various types of technical collection systems that it requires".

The report continues: "The systems of the 1970s are being replaced on a one-for-two basis, and the older systems are themselves being squeezed out at an imprudent rate unjustified by initial operating capability, dates of new systems." Although more than \$1 billion is spent every year on technical collection systems, the report says this amount is not adequate and allows no room, for example, for the failure of a satellite launch between now and the mid-1980s.

The report complains that Carter stopped production in 1977 of the best satellite system for high-resolution intelligence collection (able to focus on an area with great clarity). This system was better than its replacement, which can be flown on both high or medium-resolution missions, the experts' report said. It called Carter's decision "wholly unjustified" and said that satellite intelligence with "maximum measurement capability" may no longer be regularly available.

The report also complained that there are two high-altitude telemetry system satellites in operation "but both are dying" and that although the successor system is greatly improved, not enough satellites are being purchased to cover blind spots. The CIA plans to launch an improved high-to-medium-resolution electro-optical satellite after 1985 which might fill some gaps but there are not enough satellites capable of conducting searches in the pipeline, and there is no guarantee that the new system will function as planned, the report says. The United States depends heavily on the launch of this system, with no real backup, and "could be completely blinded with no overhead photo reconnaissance capability at all in the mid-1980s", the report says.

It recommends that Reagan build more of the kind of satellites that Carter ended, as well as a new photo-reconnaissance medium-resolution system for area search as an insurance against problems with the latest system. More satellites should be bought so that some can be held in reserve, because "as presently planned, all satellites in the new system must work or the United States will be blind".

On the ground, the report says that "the number of collection stations should be roughly doubled to compensate for a reduction by one half during the Carter years".

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CHICAGO TRIBUNE  
12 NOVEMBER 1981

# Weinberger now supporting B-1 bomber

WASHINGTON (UPI)—Defense Secretary Caspar Weinberger, reversing previous testimony, joined with the CIA Tuesday in assuring Congress that the B-1 bomber will be able to penetrate Soviet air defenses "well into the 1990s."

President Reagan told a White House news conference the manned bomber, which faces strong congressional opposition because of its cost and limited penetration ability, will be superior to the B-52 in payload capacity and speed and will present a smaller target on radar.

The B-1 would "fill the gap" between the B-52 and the new Stealth bomber still in the design stage, the President said.

Weinberger and William Casey, director of the Central Intelligence Agency,

defended the penetration capabilities of the B-1B, the advanced version of the bomber, in a joint letter to Sen. Ted Stevens (R., Alaska), chairman of the Senate defense appropriations subcommittee.

THE SUBCOMMITTEE wrapped up its work Tuesday on the \$201-billion fiscal 1982 defense budget without a vote on the \$4.1 billion appropriation for development of the B-1 and the long-range MX missile. It left the decision to the full Senate Appropriations Committee meeting next Tuesday.

Weinberger had testified last week that the B-1 would not be able to penetrate Soviet air defenses beyond 1990.

But in their letter, Weinberger and Casey said a mixed force of B-1s armed with cruise missiles and Stealth-technology bombers "will present an extremely difficult problem to the most sophisticated (Soviet air) defense system."

"Defense Department analyses based on the results of these tests indicate the B-1B would have the capability of penetrating anticipated Soviet air defense well into the 1990s in a multitude of employment modes," the letter said.

WITH HIGH SPEED, reduced radar detection and new electronic countermeasures, it said, the B-1 "will severely reduce" the best anticipated Soviet air defense capabilities.

The B-1, the letter said, will be able to "perform effectively as a cruise missile carrier and as a conventional bomber into the next century."

After a two-hour classified briefing for the subcommittee, Defense Undersecretary Richard DeLauer and Air Force Gen. Kelly Burke disagreed with an estimate by the Congressional Budget Office that the cost of 100 B-1 bombers could be as high as \$39.8 billion, almost twice the administration's estimate.

"Not by our calculations," Burke said. "In 1981 dollars, the estimate is \$20.5 billion and we are confident we'll deliver it at that cost."

Burke said the budget office estimate "included a large number of items that we have no intention of putting on a B-1/

NEW YORK DAILY NEWS  
11 November 1981

## Judge scraps ruling against CIA's Casey

By D.J. SAUNDERS and MARK LIFF

A Manhattan Federal Court judge yesterday backed off his earlier decision that CIA Director William Casey may have knowingly misled investors in a \$3.5 million fund-raising effort while a director of a now-defunct New Orleans-based company.

"A question of fact exists as to defendant Casey's status..." Judge Charles Stewart said, in withdrawing a summary judgment ruling issued May 19 that blasted Casey. The action is an outgrowth of a civil suit brought in 1974 by investors.

**STEWART RESPONDED** to motions by Casey's attorneys for reconsideration of his earlier decision, which maintained that Casey was one of a number of officers and directors who allowed distribution of an offering circular when they knew it contained misleading information.

In yesterday's decision, Stewart noted that Casey "denied participation in the drafting of the circular..." Casey "denies awareness of any material misrepresentation or omissions appearing in the offering circular at the time it was issued," Stewart said.

The company, Multiponics Inc., was organized in January 1968, and was involved in farming operations, agricultural business and land acquisition. The company went bankrupt three years later.

**THE COMPANY** originally was known as Ivanhoe Associates. It reportedly was formed through the acquisition of various farm properties from company founders in exchange for capital stock.

Records show that Casey invested \$145,614 in the company and that Multiponics assumed his mortgage debt of \$301,000 in acquiring his properties.

Subsequent reports by the company revealed \$1.4 million of the money to be raised was to retire short-term debt and \$917,000 of that, or 60%, was to be used to repay company loans.

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PHILADELPHIA INQUIRER  
11 November 1981

# *CIA to stop analyses for public as too troublesome, high-profile*

By Michael J. Sniffen  
*Associated Press*

WASHINGTON — The Central Intelligence Agency (CIA) has decided to stop publishing analyses for general public consumption because they take too much time to prepare and draw too much attention to the agency, a spokesman said yesterday.

Among the things being dropped are widely read and controversial studies of international terrorism and estimates of future Soviet oil production.

Spokesman Dale Peterson said the decision, which does not apply to publication of unclassified statistical data, stemmed from a review ordered by CIA Director William J. Casey.

The analytical reports began appearing in the late 1960s and their frequency accelerated under Casey's predecessor, Stansfield Turner. Peterson said they all were derived from classified reports for government officials.

"It took manpower to start with a classified report and try to produce something meaningful in an unclassified fashion," Peterson said. "In this administration, there was a con-

scious decision that our primary responsibility is to provide U.S. government policymakers with the best intelligence product we are capable of producing. When we looked at ways to do that, we saw that a lot of analysts' time was spent preparing these unclassified analytical pieces."

He said a secondary reason for the decision was Casey's view that "an intelligence agency should maintain a low profile."

Peterson said the statistical reports would continue because they were easier to produce in unclassified versions.

Peterson said the decision to eliminate unclassified analytical reports was made about three months ago but not announced. He said the agency since then has received "isolated, not extensive complaints" from academicians, business executives and reporters over discontinuance of some analyses.

The background briefings for journalists were curtailed for the same reasons, Peterson said. He said the agency would still conduct some briefings with journalists who are experts in areas of interest to the

agency.

The last terrorism report was produced earlier this year and contained a new definition of terrorism that increased the reported number of incidents. The new definition was the result of increased attention to the problem from top Reagan administration officials, including Secretary of State Alexander M. Haig Jr. The book-length report was virtually the only single source of data comparing trends, giving figures for violent attacks and providing a geographic breakdown of terrorism.

In 1977, the CIA predicted that the Soviet Union would begin importing oil by 1985. After that assessment spawned a stream of public comment, the agency revised its estimates and forecast that the Soviets would not be competing for Middle Eastern and other foreign oil during the 1980s.

The report had major implications for U.S. foreign policy. After the Soviets moved into Afghanistan in 1979, administration officials cited the original CIA forecast as a reason for the incursion: to move Soviet troops closer to the oil-rich Persian Gulf.

# Judge Reverses Ruling on CIA Director's Conduct in Business Deal

By Patrick E. Tyler  
 Washington Post Staff Writer

A federal judge yesterday reversed his own ruling of last May that criticized CIA Director William J. Casey's conduct in a past business venture, saying that Casey's arguments for reconsideration of the earlier judgment were persuasive.

The ruling by U.S. District Court Judge Charles E. Stewart Jr. in Manhattan was entered in a civil suit alleging that Casey and his partners misled investors in a corporate farming venture in the late 1960s. The effect of the judge's ruling is to leave it to a jury to decide whether Casey participated in alleged misrepresentations about the condition and indebtedness of seven farm properties owned by the agribusiness concern, Multiponics Inc.

The ruling was largely directed at exempting Casey from the judge's earlier finding and let stand the adverse judgment against four of Casey's partners in the deal. Petitions filed by Casey's partners also seeking reconsideration were not persuasive, the judge ruled.

Stewart said that even though it was alleged that Casey was the largest investor in the company, served as corporate secretary and legal counsel, a jury should determine whether he was actively managing the company's affairs and was involved in the alleged misrepresentations.

Stewart ruled on May 19 that the officers and directors of Multiponics "omitted and misrepresented facts" in a stock offering circular seeking \$3.5 million in investor funds.

The ruling would have paved the way for damages to be paid to the investors who filed the lawsuit against Casey and his partners in 1975. Multiponics entered bankruptcy in 1971 and is now defunct. The firm had acquired large farm tracts in Florida, Mississippi, Louisiana and Arkansas.

Under yesterday's ruling, Casey alone among the defendants may escape paying damages if he can convince a jury that he did not participate in preparing investor circulars that contained the alleged misrepresentations and, therefore, did not violate the antifraud provisions of the securities act.

In the 20-page ruling, Stewart drew a distinction between Casey and the other defendants. "The case of defendant Casey, who alone alleges an 'outside' position on the [Multiponics] board, must be considered apart from the other... defendants."

Stewart pointed out that a judge must not issue a summary judgment ruling like the one he entered in May where there are any disputed facts and the evidence should be viewed in a light most favorable to the defendant.

"... We conclude that defendant Casey's most recent submissions raise an issue of fact as to his status on the [Multiponics] board. Until the preliminary factual issue of Casey's involvement in the management of [Multiponics] is resolved, this court cannot determine whether the recklessness previously found by this court should suffice for his liability...."

News reports about the initial Multiponics decision surfaced last summer at about the time that Casey's handpicked clandestine service chief at the CIA, Max Hugel, was forced to resign over allegations that he had engaged in improper stock market practices during the mid-1970s.

The allegations against Casey in the Multiponics case were seized upon by members of the Senate Intelligence Committee already miffed over Casey's judgment in appointing the inexperienced Hugel to the sensitive CIA post.

Intelligence Committee Chairman Sen. Barry Goldwater (R-Ariz.) ordered an inves-

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THE WASHINGTON POST  
11 November 1981

## CIA to Curtail Data for Public Use

Associated Press

The CIA has decided to stop publishing analyses for general public consumption because they take too much time to prepare and draw too much attention to the agency, a spokesman said yesterday.

Among the things to be dropped: widely read and controversial studies of international terrorism and estimates of future Soviet oil production.

Spokesman Dale Peterson said the decision, which does not apply to publication of unclassified statistical data, stemmed from a review or-

dered by CIA Director William J. Casey.

"It took manpower to start with a classified report and try to produce something meaningful in an unclassified fashion," Peterson said. "... Our primary responsibility is to provide U.S. government policy makers with the best intelligence product we are capable of producing. We saw that a lot of analysts' time was spent preparing these unclassified analytical pieces."

He said a secondary reason for the decision was Casey's view that "an intelligence agency should maintain a low profile."

The review of publications was disclosed last March at the same time the agency sharply curtailed its background briefings for journalists on foreign economic, political, scientific and military developments.

Peterson said the decision to eliminate unclassified analytical reports was made about three months ago but not announced. He said the agency had since received "isolated, not extensive complaints" from academicians, businessmen and reporters over discontinuance of specific analyses.



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NEW YORK TIMES  
11 NOVEMBER 1981

## Judge Withdraws Decision Against Casey in Suit

By ARNOLD H. LUBASCH

A Federal district judge has withdrawn his finding that William J. Casey, the Director of Central Intelligence, knowingly participated in an investment offering that "omitted and misrepresented facts."

A new decision filed by Judge Charles E. Stewart Jr. yesterday in Manhattan said Mr. Casey had presented new information about his role in the farming company and its offering. The decision means that a trial will be held to determine Mr. Casey's role in the company, which went into bankruptcy proceedings in 1971, as well as whether the plaintiffs are entitled to damages.

Mr. Casey's lawyers, Milton S. Gould and Arnold S. Jacobs, said they were "very pleased with the results because they give Mr. Casey his day in court." They said that the judge had said "there must be a trial with respect to Mr. Casey on each alleged inaccuracy in the offering circular."

### Company Went Bankrupt in 1971

The change came after Judge Stewart agreed to hear new arguments by both sides on some of the complex issues in the case. After hearing them, he said he was modifying his previous decision involving Multiponics Inc., which no longer exists, and that further proceedings were needed.

The case involves a 1974 lawsuit filed by disgruntled investors against several officers and directors of the company, including Mr. Casey. The investors complained that the offering circular had misled them about the financial condition of the company, Multiponics, which at first was called Ivanhoe Associates.

The company, which was formed in 1968, involved thousands of acres of southern farmland that had been assembled by its founders, including Mr. Casey. It made a private investment offering and later registered a public offering of stock, but it soon became insolvent.

Judge Stewart's original decision May 19 was based on documents and ad-

missions by the defendants, including Mr. Casey. It found several important omissions or misstatements in the private investment offering, which implied that the company's farms were operating profitably. One involved a failure to mention that the company had taken over mortgages of the farms, creating a considerable indebtedness.

Judge Stewart's decision granted partial summary judgment on some aspects of the case, meaning that those aspects did not have to go to trial. But then both sides moved for reargument.

"In this case," the judge said yesterday, "we have received from the defendants both affidavits and memoranda significantly supplementing and clarifying the record."

Judge Stewart said that several defendants had made "persuasive" new arguments, so he was amending some findings, including whether Mr. Casey had known of misrepresentations.

The defendants asserted in the second round that the disputed offering circular had disclosed the mortgage indebtedness involved in acquiring the company's properties, the judge noted. He said they had cited "the balance sheets appearing in the body of the offering circular."

Judge Stewart said that Mr. Casey had submitted an affidavit contending that he was "an outside director" on the company's board.

"He denies any personal participation in the drafting of the circular or negotiations with the plaintiff investors," the judge continued. "He further denies awareness of any material misrepresentation or omissions appearing in the offering circular at the time it was issued."

Judge Stewart noted that the plaintiffs argued that the offering circular had listed Mr. Casey as a part of the company's management and that the registration statement had indicated that he was a "founder" and the largest single investor.

"We conclude," the judge said, "that defendant Casey's most recent submissions raise an issue of fact as to his status."

"On the current record, moreover, we cannot say that Casey acted with more than recklessness, as would be required for his liability should he prove at trial the fact of his outside status."

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ON PAGE A-14 11 NOVEMBER 1981

### ***C.I.A. to Discontinue Publication of Studies***

WASHINGTON, Nov. 10 (AP) — The Central Intelligence Agency has decided to stop publishing analyses for consumption by the general public because they take too much time to prepare and draw too much attention to the agency, a spokesman said today.

Among the analyses to be dropped are widely read studies of international terrorism and estimates of future Soviet oil production.

Dale Peterson, a spokesman for the agency, said the decision, which does not apply to publication of unclassified statistical data, stemmed from a review ordered by William J. Casey, Director of Central Intelligence.

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FEDERAL JUDGE MODIFIES FINDING INVOLVING DIRECTOR OF CIA

NEW YORK (AP) - A FEDERAL JUDGE TUESDAY SAID HE WOULD GIVE CIA DIRECTOR WILLIAM J. CASEY A CHANCE TO PROVE IN COURT THAT HE DID NOT KNOWINGLY MISLEAD INVESTORS IN A NOW-DEFUNCT FARMING COMPANY IN 1968. U.S. DISTRICT JUDGE CHARLES E. STEWART JR. WITHDREW EARLIER FINDINGS THAT MADE CASEY LIABLE WITH OTHER DIRECTORS OF MULTIPONICS INC., A NEW ORLEANS-BASED FIRM, FOR ISSUING AN INVESTMENT OFFERING CIRCULAR WITH FALSE AND MISLEADING STATEMENTS AND MATERIAL OMISSIONS.

STEWART SAID THAT SUBMISSIONS BY CASEY RAISED AN "ISSUE OF FACT" ABOUT HIS PERSONAL PARTICIPATION IN PREPARING THE CIRCULAR.

THE CASE STEMS FROM A 1974 CIVIL SUIT IN WHICH INVESTORS CHARGED THE MULTIPONICS DIRECTORS KNOWINGLY ISSUED THE MISLEADING CIRCULAR IN 1968 TO RAISE \$3.5 MILLION FOR A FARM-OPERATIONS VENTURE.

THE COMPANY, WHICH WAS FORMED AS IVANHOE ASSOCIATES BEFORE ITS NAME WAS CHANGED TO MULTIPONICS, COULD NOT RAISE ENOUGH MONEY AND WENT BANKRUPT IN 1971.

IN A PRELIMINARY DECISION MAY 19, STEWART RULED THAT CASEY AND FIVE OTHER DIRECTORS HAD KNOWLEDGE OF THE CIRCULAR'S MISLEADING AND OMITTED FACTS.

"GIVEN THE RECORD NOW BEFORE THIS COURT, HOWEVER, THE PRIOR DETERMINATION MUST BE RECONSIDERED," STEWART SAID IN MONDAY'S PRETRIAL OPINION.

STEWART SAID HIS EARLIER DETERMINATION WAS BASED ON EVIDENCE SHOWING THE DIRECTORS' INVOLVEMENT IN CERTAIN TRANSACTIONS AND "THEIR AWARENESS OF THE CIRCULAR IN BOTH DRAFT AND FINAL FORM."

THE JUDGE NOTED THAT IN AN AFFIDAVIT SUBMITTED FOR REARGUMENTS, CASEY SAID HE WAS AN "OUTSIDE" DIRECTOR OF THE FIRM'S BOARD.

"HE (CASEY) DENIES ANY PERSONAL PARTICIPATION IN THE DRAFTING OF THE CIRCULAR OR NEGOTIATIONS WITH THE PLAINTIFF INVESTORS," STEWART SAID. "HE FURTHER DENIES AWARENESS OF ANY MATERIAL MISREPRESENTATION OR OMISSIONS APPEARING IN THE OFFERING CIRCULAR AT THE TIME IT WAS ISSUED.

"WE CONCLUDE THAT DEFENDANT CASEY'S MOST RECENT SUBMISSIONS RAISE AN ISSUE OF FACT AS TO HIS STATUS ON THE IVANHOE BOARD," STEWART SAID. "UNTIL THE PRELIMINARY FACTUAL ISSUE OF CASEY'S INVOLVEMENT IN THE MANAGEMENT OF IVANHOE IS RESOLVED, THIS COURT CANNOT DETERMINE WHETHER THE RECKLESSNESS PREVIOUSLY FOUND BY THIS COURT SHOULD SUFFICE FOR HIS LIABILITY.

"ON THE CURRENT RECORD, MOREOVER, WE CANNOT SAY THAT CASEY ACTED WITH MORE THAN RECKLESSNESS AS WOULD BE REQUIRED FOR HIS LIABILITY SHOULD HE PROVE AT TRIAL THE FACT OF HIS OUTSIDE STATUS," THE JUDGE CONCLUDED.

NO DATE HAS BEEN SET FOR WHEN THE SUIT WILL GO TO TRIAL.

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THE WASHINGTON POST  
10 November 1981

## JACK ANDERSON

### Casey Mistaken In Report on Foreign Ties

CIA Director William J. Casey assured the Office on Government Ethics earlier this year that neither he nor his law firm had ever represented a foreign government.

He was mistaken, and the Senate Intelligence Committee wanted to know how Casey could have failed to mention his own and his old law firm's ties to the Indonesian government four years ago. The committee asked for internal Treasury Department documents to determine whether Casey should have registered as a foreign agent because of his work for the Indonesians.

Here's the story:

Casey's law firm, Rogers and Wells, represented the Indonesian government in an embarrassing bribery case in 1977. Casey also represented Indonesia in efforts to persuade the Treasury to increase certain tax breaks for oil companies doing business there. Rogers and Wells registered as foreign agents in the tax case; Casey did not, and the Senate committee wants to know why.

The bribery case was a classic shakedown. Gen. Ibnu Sutowo, head of Pertamina, the Indonesian state

oil corporation, informed various oil companies that they would be wise to invest in an Indonesian restaurant in New York City if they wanted to do business with his government. My reporters John Dillon and Corky Johnson have seen a copy of the letter.

The general didn't mince words. "Since the establishment of this restaurant will be of great benefit to Indonesia's economic development," he wrote, "we request all companies which have business relationships with Pertamina to assist us in this project by participating in the capital of the restaurant . . . ."

According to memos in Securities and Exchange Commission files, the oil companies got the point. One executive told his superiors he feared the Indonesian government would make it tough for them to operate if they didn't buy shares in the restaurant.

Eventually, 54 oil companies, shippers and energy-related firms invested in the restaurant. The scheme raised more than \$1.1 million, twice what was needed to start up the restaurant. Several oil company executives wound up as officers of the restaurant company.

But Gen. Sutowo overlooked one important technicality in his shakedown scheme: He neglected to register his stock sales with the SEC. So the agency brought charges against Sutowo and Indonesian Enterprises

Inc. for selling unregistered securities.

Faced with an impressive mass of evidence, the Indonesians signed a consent decree and were let off with a slap on the wrist. Indonesian Enterprises was forbidden to sell any more stock in the restaurant. There were no fines or other penalties.

The enterprising general was recalled to Indonesia, where he was placed under house arrest. The companies that had invested their stockholders' money in the restaurant were not prosecuted. The restaurant is still in business, but it has been operating at a loss and is expected to close soon.

Footnote: Casey, who has a seven-figure stock portfolio, owns almost \$200,000 worth of shares in three of the companies involved in the payola. Also by coincidence, Peter Clark, a former attorney in another Casey law firm—Hall, Casey, Dickler and Howley—was the SEC attorney assigned to the Indonesian case.

Clark and other lawyers involved in the case said Casey did not participate directly in the Indonesian bribery case. Added CIA general counsel Stanley Sporkin: "I don't think there's any question that no registration [as a foreign agent] was required." Sporkin also complimented the "very able" Senate investigators who probed Casey's business dealings and predicted they would give him a clean bill of health.

ARTICLE APPEARED  
ON PAGE 23

THE CHRISTIAN SCIENCE MONITOR  
10 November 1981

Joseph C. Harsch

## Colonel Qaddafi is difficult

The latest disclosures about Americans working for Col. Muammar Qaddafi of Libya seem to clear up one point. Libya was able to invade its southern neighbor, Chad, last November not because Libyans were aided in this undesirable (from the United States' point of view) operation by the Soviet Union but because some 20 American pilots, mostly recruited in or around Miami, were willing to take the colonel's money.

The money, incidentally, came from selling Libyan oil to American oil companies. Libya is the third largest exporter of oil to the US.

There is now a vigorous feud between the US and Libya.

On May 7 the US closed down the Libyan Embassy in Washington.

The feud reached its peak on Aug. 19 when planes from the US Sixth Fleet in the Mediterranean shot down two Libyan jet fighters in airspace claimed by Libya but considered to be international in Washington.

The feud has been kept going since then by the dispatch of US reconnaissance planes to the Sudan after the assassination of Egyptian President Sadat. There was suspicion in Washington that Colonel Qaddafi might take advantage of political uncertainty in Egypt to invade the Sudan. Also, there has continued to be a lively propaganda duel between Washington and Tripoli.

The feud began before Ronald Reagan and the Republicans took over the White House in January. Previous to that Washington had withdrawn its diplomatic community from Libya. There was supposed to be some danger that the colonel might be tempted to do to them what the Iranians had done to Americans in Tehran.

The Carter administration had at one time tried to get along with Colonel Qaddafi. Brother Billy's notorious dealings with the Libyans were not originally opposed at the White House. In fact Qaddafi's help was invited over the Iranian hostage affair. There was almost a courtship of Libya into 1979.

But then things began to go sour. Libyans were suspected of having tried to carry out a political execution inside the US. Libya was believed to be a main source of weapons for PLO forces in Lebanon. The PLO is unpopular in Washington. The Libyans are also believed to be a main source of weapons to the IRA (Irish Republican Army) in Northern Ireland, but Washington has never tried seriously to stop the flow of funds from the US to Libya for the purchase of those guns.

So there was bad blood between Washington and Tripoli before Mr. Reagan took over. But Mr. Reagan picked up the theme eagerly. One of the first orders issued from the White House by Mr. Reagan was for preparation of a plan "to make life uncomfortable" for Colonel Qaddafi. It fitted in with his campaign theme of Moscow being the prime source of world terrorism.

Also in the first days of the Reagan administration the White House asked for documentation of that charge of Moscow being the prime source of world terrorism. Previous CIA reports had failed to produce solid evidence to support the assumption. The new CIA chief, William J. Casey, ordered his staff to try again. It is the first publicly exposed case of the CIA being instructed to support a White House thesis.

In theory the CIA produces expert, objective information. It is not supposed to start from a conclusion and then hunt around for possible evidence to back it up. That job belongs to the propaganda department of any government.

The CIA has still to come up with any hard evidence that Moscow did train Libyan terrorist agents, provided Libya with terrorist weapons, planned joint terrorist operations with Libya, or used Libya directly for its own purposes. These things may have happened. There is as yet no published hard evidence that they did.

But we do have hard evidence that two American ex-CIA agents, Edwin Wilson and Frank Terpil, have long been running a major service operation for Colonel Qaddafi. Their work has included shipping (illegally) US terrorist-type weapons to Libya, recruiting former Green Berets for training terrorists in Libya, setting up a little factory inside the palace in Tripoli to manufacture terrorist weapons, and recruiting American pilots to supply Libyan troops in Chad.

On the public record it now stands that the US, not the USSR, is the prime provider to Libya of terrorist weapons and techniques.

This is just one place where the real world fails to fit the world of Mr. Reagan's campaign rhetoric. It is one reason why his foreign policy is coming in now for widespread criticism. Too much of it is founded on ideological assumption rather than on known fact.

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ON PAGE C15

THE WASHINGTON POST  
9 November 1981

## JACK ANDERSON

### Casey Dealings Warrant Some Investigating

The hazard of populating the CIA's upper levels with former campaign managers and wounded political warhorses has now been impressed upon President Reagan.

He wound up after the election with a surplus campaign manager, Big Bill Casey—an authentic curmudgeon who was given custody of the CIA as his reward. In the usual political tradition, Casey brought a few cronies.

Casey proceeded to crash around the corridors of the CIA with the delicacy of an old bull, trampling on toes, upsetting apple carts and generally breaking up the chinaware. Understandably, he aroused the hostility of some of the old-line spooks.

The point to remember is that the CIA's old hands are by definition skillful in subterranean operations. They have made their careers by "destabilizing" enemies. So it was child's play for them to exhume the skeletons in Casey's closet.

It cannot be denied, however, that Casey's background is certainly worthy of investigation. At one point, in fact, Sen. Barry Goldwater (R-Ariz.) the certifiably conservative chairman of the Senate Intelligence Commit-

tee, declared that Casey should resign as CIA director. Goldwater has since had second thoughts, but there is still room for doubt about Casey's qualifications.

Probably the strongest aroma of suspicion about Casey's activities as a Wall Street lawyer and corporate wheeler-dealer emanates from his connection with a now-defunct agribusiness firm called Multiponics Inc. The company's directors, including Casey, were sued by stockholders for concealing their knowledge of its feeble financial health while they peddled its stock to the public.

A Multiponics prospectus—approved by Casey—claimed that the company operated seven working farms with little outstanding debt. In fact, only five of the farms were operating, and each carried a heavy mortgage. Proceeds from the sale of stock went to buy a company in which a Multiponics insider had an interest, and to pay the directors for loans they had made.

Casey has claimed he was merely an innocent investor, not involved in the inner affairs of Multiponics. But Senate investigators have a two-foot stack of data that discredit the Casey's protestations of innocence.

A confidential memo prepared by one of the Senate investigators states that Casey was aware of the details of the misleading stock offering. And Casey's testimony in a bankruptcy case involving Multiponics disputes his claim. "I think the record will

show," Casey told the court, "that I had a great deal to say and a fair amount of influence in the basic decisions the directors made."

Concerning the Multiponics insistence that its directors—including Casey—were unaware that the agribusiness firm was shaky, the Senate sleuths have testimony from former Multiponics executive Vernon Bacher. He testified that when he informed Casey and the other directors that Multiponics lacked adequate equity, "it was like informing an Eskimo that it was cold—they already knew." Soon after, Multiponics defaulted on a \$1.2 million bank loan—and eventually went under to the tune of a \$3.2 million loss.

What Next? Senate investigators told my reporters John Dillon and Corky Johnson that they haven't yet come up with a "smoking gun" to nail Casey. They do have other instances of the CIA director's questionable deals. But without rock-solid evidence of misbehavior, Casey's job at the CIA is secure. He has the president's confidence, and for the time being, that is enough.

Footnote: CIA general counsel Stanley Sporkin said that the Multiponics affair was "a commercial matter" and that Casey "had no direct knowledge" that stockholders had been misled. Casey "is an honorable man and the [Senate] investigation is going to support that finding," Sporkin added.

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ON PAGE 95

NEWSWEEK  
9 NOVEMBER 1981



Ken Heinen

Smith with his inner circle: 'He's not a hard-charging Cabinet officer'

## The A.G. Comes to Judgment

William French Smith came to Washington known only as Ronald Reagan's personal lawyer, a bland boardroom politician with a decent tennis serve. Now, ten months after Smith took the helm at the U.S. Department of Justice, describing the new attorney general has become a Capital Rorschach test. To the extreme right, he's running an agency still in the grip of radical leftists. To liberals, he seems determined to remake civil-rights law in his conservative image. As senior White House aides see it, he has mastered enough of his job to win grudging respect; in labor law and immigration, for example, Smith is considered as sharp as a managing partner. In areas that have yet to gain his full attention, however—notably national security—he is still uncomfortably weak.

Smith's tenure has gone through two stages. He started slowly, spending much of his time building an inner circle; Justice hit the ground creeping on Inauguration Day. "We had a low profile," admits Smith, "because we were doing low-profile things." But to Washington's snipers, a figure bent over his task often makes the best target. Before long, Administration aides took potshots from behind the cover of blind quotes ("Has he woken up yet?" cracked one), leaving the impression that there was a vacuum at Justice that competitive agencies could exploit. Some tried. A committee at the Central Intelligence Agency proposed an Executive order that would have sharply trimmed Smith's over-

In the spring Smith pushed back. "He's not a hard-charging Cabinet officer," says one official. "But when he fights, people get out of his way." He met with Reagan—whom he still calls Ron when they're alone—and the President's top men, James Baker, Michael Deaver and Edwin R. Meese, to bring a halt to what he called "the character assassination." Armed with a pocket calculator, he duelled with budget director David Stockman and eventually won a concession that law-enforcement agencies would be immune from further budget cuts in 1983 and '84. He was the point man for Sandra O'Connor's appointment to the Supreme Court. And he emerged from a seven-month immersion in immigration law with a controversial package of changes aimed at restoring order to a policy that is clearly in disarray.

Smith made immigration his personal issue. The plan he announced last August was introduced in Congress two weeks ago. It calls for slowly conferring legal status on millions of aliens now considered illegals, creating a "guest worker" program for Mexicans and, for the first time, penalizing employers who break the rules. Also, if Congress approves, the President would have emergency powers to ban travel by American citizens and vessels. "This proposal developed only because Smith mastered the area," says Associate Attorney General Rudolph Giuliani. "It would not have been possible if he had spent his time blowing his horn."

As Attorney General, he has two distinct functions. First, as head of the department

spy-war veteran. "You have to be experienced and an alley fighter."

**Downgrade:** Smith got a taste of intelligence hardball last March, when a CIA-initiated executive order was circulated giving the agency permission to spy within the United States and sharply downgrading Justice's authority. When Smith learned of the proposal, he and FBI director William Webster complained to the White House; more drafts were ordered. The latest, leaked last month, continues the FBI's control over domestic bugging and searches, but gives the CIA the power to infiltrate domestic groups and trail law-abiding Americans abroad. Although this version is likely to be modified during negotiations with Congress, it marks a victory for CIA director William Casey.

Smith has had his own way on civil-rights policy. Reagan's campaign rhetoric included repeated denunciations of busing for school integration and affirmative-action programs. Justice has followed that lead, although not fast enough for right-wing critics. The head of the Civil Rights Division, William Bradford Reynolds, has flatly disowned any future use of forced busing. "Blind allegiance to an experiment that has not withstood the test of experience obviously makes little sense," he says. Instead, Reynolds plans to focus on the quality of education offered, relying on such devices as magnet schools or voluntary student transfers to bring about desegregation.

The problem with the new strategy, say civil-rights activists, is that the law of the land requires more aggressive measures than better curricula. They cite Supreme Court decisions which say that school districts found guilty of discrimination must adopt corrective remedial measures; busing, the justices have held, is a permissible and sometimes necessary tool. "The Smith people," says Robert Reinstein, a law professor and former Justice attorney, "are approaching civil-rights enforcement on the basis of what they would like the law to be rather than what the law is."

**Quotas:** Indeed, Reynolds is freely conceding territory that has been hard won in court battles. For instance, he will no longer use the court-made rule that if one part of a school system is found to be illegally segregated, the local school district has the burden of proving that the rest was not—a presumption that has led to citywide integration. In their denunciation of hiring quotas, Reynolds and Smith have raised the possibility of bringing reverse-discrimination suits against employers who



## ASSOCIATED PRESS

PROVIDENCE, R.I. (AP) -- BROWN UNIVERSITY WON'T PUNISH THE SO-CALLED JABBERWOCKY 13 FOR READING LEWIS CARROLL'S POEM "JABBERWOCKY" DURING A SPEECH BY CIA DIRECTOR WILLIAM J. CASEY, A DISCIPLINARY BOARD SAID FRIDAY.

BUT LEE CLAPP, A CHEMISTRY PROFESSOR AND CHAIRMAN OF THE COUNCIL ON STUDENT AFFAIRS, SAID THE BOARD DID FIND THAT THE 13 STUDENTS WERE GUILTY OF DEPRIVING CASEY OF HIS RIGHT TO FREE SPEECH.

THE BOARD DECIDED AGAINST PUNISHMENT, SAID CLAPP, BECAUSE THE INCIDENT WAS "MINIMAL AND IN THE SPIRIT OF PROTEST."

THIRTEEN STUDENTS WHO INTERRUPTED CASEY ON OCT. 15 BY RISING IN THE AUDIENCE TO READ "JABBERWOCKY" WERE DUBBED THE JABBERWOCKY 13 AFTER BROWN BROUGHT CHARGES THAT COULD HAVE LED TO THEIR EXPULSION.

AT A HEARING ON THE CHARGES THURSDAY NIGHT, THE STUDENTS ADMITTED THEY INTERRUPTED CASEY'S LECTURE WITH CARROLL'S POEM ABOUT A KNIGHT SEEKING TO SLAY A MONSTER. BUT THEY DENIED THAT THEY HAD DEPRIVED CASEY OF HIS RIGHT TO FREE SPEECH.

"IF WE REALLY WANTED TO DISRUPT MR. CASEY'S SPEECH, WE WOULD HAVE RECITED 'PARADISE LOST,'" SAID PROTESTER GWENLLIAN L. KRAUSE, REFERRING TO JOHN MILTON'S EPIC POEM.

THE JABBERWOCKY 13 SAID THEY WERE PROTESTING BROWN'S ACCEPTANCE OF \$50,000 FROM THE CONSERVATIVE JOHN M. OLIN FOUNDATION TO SPONSOR LECTURES ON NATIONAL SECURITY. IT SPONSORED CASEY'S ADDRESS.

JOHN J. ROBINSON, DEAN OF STUDENTS, URGED THE BOARD TO PUNISH THE STUDENTS FOR VIOLATING A UNIVERSITY PRINCIPLE. "WHETHER THE SPEAKER IS AN OBSCENITY TO SOME OR ALL IS NOT THE ISSUE," HE SAID.

PHYSICS PROFESSOR PHILIP BRAY SAID HE DEPLORED CASEY'S VIEWS BUT FOUND THE PROTEST "ARROGANT, RUDE AND CHILDISH TO THE EXTREME."

BUT ANOTHER PROFESSOR, ANNE FRUSTO-STERLING, ARGUED THAT THE POETRY READING DID NOT DISRUPT CASEY'S SPEECH BECAUSE HE WAS ABLE TO MAKE ALL HIS POINTS. SHE SAID BROWN APPEARED TO BE PERSECUTING THE PROTESTERS FOR THEIR LIBERAL POLITICAL BELIEFS.

SHARON COHEN, ONE OF THE 13, CALLED THE PROTEST "A NOVEL EXPRESSION OF DISSENT" THAT WAS "NEVER INTENDED TO VIOLATE THE RIGHTS OF OTHERS."

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# RADIO TV REPORTS, INC.

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FOR PUBLIC AFFAIRS STAFF

PROGRAM Panorama

SI

DATE November 6, 1981 12:00 Noon

CI

SUBJECT Dr. Ray Cline, Former Deputy Director, CIA

ROSS CRYSTAL: Joining me now, here is Dr. Ray Cline, former Deputy Director of the Central Intelligence Agency, from 1949-on with the CIA, and then with the State Department.

Welcome to Panorama.

And if we can, let's assess -- the book, incidentally, "The CIA Under Reagan, Bush and Casey." You take a look from the very beginnings of the CIA.

RAY CLINE: Start with Roosevelt,...

CRYSTAL: Right up to today.

CLINE: ...my first President. Yes.

CRYSTAL: Your assessment today of the CIA, just looking at it right now.

CLINE: Well, I assess it as having been damaged a great deal in the years after the Church congressional investigation and a very severe media assault on CIA back in '75 and '76. I don't think President Carter and Vice President Mondale believed very much in intelligence, so they let it sort of drift for almost five years.

I assess that it is now about to pick itself up off the floor because we have three men guiding its policy that believe in the importance of intelligence, information about foreign affairs as a guide to decision-making.

CRYSTAL: What's got to be done to pick it up --

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ON PAGE 28.

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WALL STREET JOURNAL  
5 November 1981

## Suppression at the CIA

Sometime soon, CIA Director William Casey will hand President Reagan a draft executive order setting new operational guidelines for U.S. intelligence agencies. Ostensibly, it will fulfill Candidate Reagan's campaign promise last year to undo "ill-considered restrictions" that shackled U.S. intelligence in the Carter-Church era. In truth, thanks to some adroit obstructionism from within the CIA itself, it will undo very little. The undermining of an earlier draft which correctly stressed the vital mission and objectives of the intelligence agencies represents a cautionary tale.

Scheduled for overhauling is Jimmy Carter's Executive Order No. 12036, which grew out of Senator Church's witchhunts of the early 1970s. It is rife with confusing legal restrictions. For instance, an American citizen entering a Soviet embassy cannot be investigated without a priori knowledge that he is engaged in a crime against the U.S. This limitation no doubt facilitated the passage of U.S. satellite secrets to the Soviets at their Mexico City embassy by an American citizen not long ago. Restrictions on counter-intelligence operations by the FBI, CIA and military intelligence have made it easier for the Soviets and their surrogates, such as the Cuban DGI, to operate within the U.S. itself. U.S. ability to conduct covert action abroad was almost eliminated.

One of Mr. Reagan's campaign promises was to get U.S. intelligence back into business. It was felt that a turn of the knob on the door to the CIA director's office would do the trick. It wasn't that easy.

Mr. Casey said at the start that he wanted to move slowly and asked for no immediate changes in the legal restrictions. He kept many of the top-ranking officials appointed during the Carter era, who were at ease with the

legal restrictions and saw little need to improve the agency's performance.

In May, a new executive order was drafted and ready for the President's consideration. Gone were the "shall nots" of the Carter era; instead, it emphasized in positive terms the role and responsibilities of the intelligence community. It pledged that the agencies would uphold the laws of the U.S. and act in the least obtrusive manner in gathering intelligence. It also promised to guard against the infringement of American national security and constitutional rights by Soviet and other hostile agents. In a short five pages that draft order would have closed the book on the 1970s witchhunts and given much needed direction to our intelligence services.

The May draft, however, was never shown to President Reagan to our knowledge. Many holdovers from the Carter administration opposed the changes. According to one close source, CIA Deputy Director Adm. Bobby Inman—originally a Carter appointee—threatened to quit if President Reagan was even shown the May draft order. Faced with such opposition, Mr. Casey told the policymakers to go back to the drawing board.

The latest draft, our sources tell us, merely sticks some positive improvements into the "can't-do" format of the Carter order. This plays into the hands of the anti-CIA forces in Washington, who will make a shooting gallery of any loosening of the Carter-Church fetters, dragging out their standard claim that "abuses" will occur.

The President will stand far less chance of being picked apart if he issues an order telling the intelligence agencies to get busy gathering intelligence to counter the world-wide security threat that is posed by the Soviet KGB and its terrorist offshoots. We urge him to send Mr. Casey back to retrieve the May draft. If anyone in the CIA wants to resign, so be it.

# Dinner Guest List

*The following is a guest list of last night's White House state dinner for King Hussein and Queen Noor of Jordan:*

The President and Mrs. Reagan;  
 King Hussein and Queen Noor;  
 Mudar Badran, prime minister and minister of defense;  
 Ahmad Lawzi, chief of royal court;  
 Amer Khammash, minister of court;  
 Sharif Zaid Bin Shaker, commander-in-chief of Jordan's armed forces, and Mrs. Bin Shaker;  
 Mrs. Leila Sharaf, wife of the former prime minister;  
 Adnan Abu-Odeh, minister of information;  
 Marwan Qasim, minister of foreign affairs;  
 Ambassador Malali of Jordan and Mrs. Malali;  
 Yanal Hikmat, chief of royal protocol;  
 Samir Farraj, King Hussein's personal physician;  
 Prince Faisal, son of King Hussein;  
 Fuad Ayoub, press director, royal palace;  
 The Rev. and Mrs. Ralph D. Abernathy, Atlanta, Ga.;  
 Richard V. Allen, assistant to the president for national security affairs, and Mrs. Allen;  
 Robert Anderson, chairman, Rockwell International Corp., Pittsburgh, Pa., and Mrs. Anderson;  
 Leonore Annenberg, chief of protocol, and Walter H. Annenberg;  
 James A. Baker III, chief of staff and assistant to the president, and Mrs. Baker;  
 Frank R. Barnett, National Strategy Information Center, New York City, and Mrs. Barnett;  
 Gen. Robert H. Barrow, Commandant of the Marine Corps, and Mrs. Barrow;  
 Terrel Bell, secretary of education, and Mrs. Bell;  
 L. Dean Brown, president, Middle East Institute, Washington, and Mrs. Brown;  
 James L. Buckley, under secretary of state for coordination of security assistance programs, and Mrs. Buckley;  
 Vice President George Bush and Mrs. Bush;  
 Dr. W. Glenn Campbell, director, Hoover Institute, Stanford University, and Mrs. Campbell;  
 William J. Casey, director, Central Intelligence Agency, and Mrs. Casey;  
 Michael K. Deaver, deputy chief of staff and assistant to the president, and Mrs. Deaver;  
 James Charles Evers, Fayette, Miss.;  
 John Gannon, president, International Association of Fire Fighters, and Mrs. Gannon;  
 Richard L. Gelb, chairman, Bristol-Myers Co., New York City, and Mrs. Gelb;  
 Benny Goodman, musician, New York City;  
 Alexander Hale, secretary of state, and Mrs. Hale;  
 Alexa Halaby, sister of Queen Noor, Dallas, Tex.;  
 Christian Halaby, brother of Queen Noor, and Mrs. Halaby, Atherton, Calif.;  
 Doris C. Halaby, mother of Queen Noor, New York City.

Naleeb Halaby, father of the queen, Washington, and Mrs. Halaby;  
 Grenlls Cobb Hale, chairman, executive committee, Carter Hawley Hale Stores, Inc., San Francisco, and Mrs. Hale;  
 Mr. and Mrs. Paul Harvey, River Forest, Ill.;  
 The Rev. Theodore M. Hesburgh, president, University of Notre Dame;  
 Joseph J. Jacobs, chairman, Jacobs Engineering Group, Pasadena, Calif., and Mrs. Jacobs;  
 Rep. Trent Lott (R-Miss.) and Mrs. Lott;  
 William B. Macomber, president, Metropolitan Museum of Art, New York City, and Mrs. Macomber;  
 W. Robert McLellan, vice president, FMC Corp., Chicago, and Mrs. McLellan;  
 Edwin Meese, III, counselor to the president, and Mrs. Meese;  
 Mrs. Thomas M. Mayer, London;  
 Rep. Robert H. Michel (R-Ill.) and Mrs. Michel;  
 Jeremiah Milbank, New York City, and Mrs. Milbank;  
 Sandra Day O'Connor, Supreme Court justice, and John H. O'Connor III;  
 Paloma Picasso and Rafael Lopez Sanchez, New York City;  
 Samuel R. Pierce, secretary of housing and urban development, and Mrs. Pierce;  
 Richard M. Richards, chairman, Republican National Committee, and Mrs. Richards;  
 Mr. and Mrs. Joe Rodgers, Nashville, Tenn.;  
 William P. Rogers, Rogers & Wells, Washington, and New York City, and Mrs. Rogers;  
 Mr. and Mrs. Archibald B. Roosevelt Jr., Washington;  
 Elton H. Rule, president and chief executive officer, American Broadcasting Companies, Inc., New York City, and Mrs. Rule;  
 Mr. and Mrs. George Scharffenberger, Rolling Hills, Calif.;  
 Mr. and Mrs. Frank Sinatra, Hollywood, Calif.;  
 Sen. Ted Stevens (R-Alaska) and Mrs. Stevens;  
 Helen Thomas, United Press International;  
 Nicholas A. Vellotes, assistant secretary of state for Near Eastern and South Asian affairs, and Mrs. Vellotes;  
 Richard N. Viets, American ambassador to Jordan, and Mrs. Viets;  
 William H. Webster, director, Federal Bureau of Investigation, and Mrs. Webster;  
 Rep. Clement J. Zablocki (D-Wis.)

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ON PAGE A-22

NEW YORK TIMES  
2 NOVEMBER 1981

## Showing Off on Secret Agents

Should Congress decree that information in the public domain may not be publicly repeated? The very idea represents a radical departure from the American tradition of free speech and press. Yet Congress is seriously considering a bill to make publishing names of covert intelligence agents, even on the basis of publicly available knowledge, a crime. The House passed such a measure last month and a similar bill, almost as objectionable, awaits a vote by the Senate. The Senate should bring Congress to its senses and reject this proposal.

Government is free to keep its secrets — in ways that do not offend the First Amendment. It may swear employees in sensitive jobs to secrecy and it may punish violations of their oaths. But to pass a law that declares non-secrets off limits is to abridge the freedom of speech and press. Congress may not do that.

The legislation has strayed from an earlier, more reasonable course. Congress was rightly angry that Philip Agee, a former C.I.A. agent, misused inside information when he published lists of secret American agents for the avowed purpose of destroying their effectiveness. Present and former agents may not violate their secrecy oaths even in pursuit of their First Amendment rights.

But then the bill's drafters went further, provoked by the antics of Louis Wolf, who never worked

for the Government and was never entrusted with its secrets. Working from public documents, he has compiled and published similar lists of supposed agents.

However reprehensible such activity may be, it is simply unconstitutional to try to punish outsiders for trying to figure out, talk about and write about those secrets. It is also unwise, for it could reach more conventional reporting, which often must and should say things that Government doesn't want said.

Even more dangerous is the loose standard of proof in the House version. A prosecutor could bring a charge, and a jury could convict, if the evidence merely showed that the publisher had "reason to believe" the disclosure would hurt U.S. intelligence. That is, whatever his state of mind, the defendant should have known better. At least the pending Senate bill requires evidence that the accused fully intended to impair or impede American intelligence by the very act of disclosing a secret name.

The Reagan Administration wants the looser version but doesn't need it. William Casey, the C.I.A. chief, wrote Congress last spring that either version would meet the Government's needs. Congress has every reason to believe that both versions are unconstitutional, so a Senate vote this week for either amounts to posturing, showing off a reckless patriotism. And there is no excuse at all for choosing the more offensive version.

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ON PAGE 10

THE LONDON OBSERVER  
1 NOVEMBER 1981

## WORLD REPORT

# CIA base in Laos used to store opium

from JONATHAN MIRSKY in Washington

**SHORT** (and compact, General Vang Pao perches on the edge of his couch and speaks broken GI American in a raspy voice. 'I tell you true,' he says, 'all that CIA business, I never know nothing about

In the dark corners of the enormous drawing room of his Montana ranch home there are never fewer than four of his grown-up sons. Somewhere there are 'about 20' others and 'maybe' six daughters, he tells me.

The income from the 400-acre property pays for his travels of 200,000 miles a year on business that has become of considerable interest to Congressmen inquiring into US involvement, past and present, in Indo-China.

They have been asking how far the former Laotian General is influencing current US policy in Indo-China on visits he makes to Washington to the State Department and the National Security Council.

Another question which is being asked outside the inquiry is whether he knowingly permitted his subordinates of Vietnam war days to trade in heroin, with disastrous consequences for addiction among American

servicemen and later in the US as a whole.

His famed 'secret army' of Hmong tribesmen was known to be deeply involved in trading opium, the raw ingredient of heroin. And last week I was told that Vang Pao himself kept bales of raw opium under his house on a CIA base in Laos.

Yet Vang Pao's supporters, many of them in high positions here, are equally convinced that Vang Pao was a faithful and incorruptible anti-Communist ally of the US. They say opium was a lamentable, but legitimate, weapon in the Lao struggle for survival.

Not only does the Administration continue to listen to Vang Pao; it also provides generously for thousands of ex-opium producers who served him.

These 'pensioners' of the government are Hmong hill tribesmen who, after being used by the CIA to fight the Communists in Laos, were evacuated to America at the end of the Vietnam war. There are 46,000 of them. A family receives up to £340 a month.

Vang Pao bought his ranch within a year of his arrival in the US in 1975. 'I had friends and good bank references,' he explained.

When I asked Congressman Stephen Solarz, chair-

man of a House sub-committee that has been investigating current US Indo-China involvements, whether Vang Pao was involved in the opium trade, he put his hands over his ears, saying: 'I don't want to hear about that heroin business.'

The former US ambassador to Laos, William Sullivan, pushed me away with 'I don't want to discuss that, for Christ's sake.'

Ex-CIA director William Colby told me last week that the CIA had chosen the Hmong 'because it was our belief that irregulars would fight for their homes. I don't have a shadow of doubt that a substantial part of the Lao oligarchy were involved with heroin.'

But he added: 'The substantial truth also is that we went to great efforts to keep clear of this traffic and I believe Vang Pao was not involved either.'

Vang Pao himself assured me that all stories connecting him with opium were 'bull-----'.

But last week Vang Pao's CIA 'case officer' in Laos from 1962 to 1966 (I was asked not to reveal his name) told me about life with the former general in Laos.

'I lived, ate, and slept with Vang Pao for four years on the agency's base at Long Cheng,' he said. 'I probably

knew him better than any other American.

'Sure, opium was grown by the Hmong and shipped to the capital, Vientiane. But there wasn't that much. Most of the opium-growing land had been lost.

'The bales of opium under his house was Vang Pao's insurance in case we ever left. "When you leave, I'll still have something to continue this fight," he told me. That's what the opium was for. I saw it there and he willingly showed it to me.'

According to the CIA witness, other opium left the CIA base on the Agency's contract airline, Air America, and later on Vang Pao's own aircraft.

'It was so that the old opium families in the capital would leave him alone. Vang Pao was an ambitious upstart and he was allowed to function by the big families because he permitted them to receive opium from his people. The big families were his main critics, too.'

The CIA man insisted: 'I never saw an American pilot knowingly accept opium on to his plane.' He maintained as well that Vang Pao, an honest man, obtained nothing from the opium traffic.

'Why should he? He had everything he needed. Opium was only his insurance. OK, he knew about the trafficking, but that was the political price he had to pay. It was very painful for him.'

Asked about the effects of the opium traffic among GIs in Vietnam and on the streets of the United States, the CIA source said: 'I only found out about it when I got back to the US in 1966. I was appalled. Vang Pao knew it was bad, too. That's why he encouraged his people to raise cattle. The US Government bought him a herd.'

For the CIA itself, opium was a potentially disastrous public relations scandal. One of the case officer's tasks was to see that Vang Pao's bales of opium remained unopened under his house. 'The agency didn't want him to sell it. And as far as I know, he didn't.'

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THE WASHINGTONIAN

NOVEMBER 1981

# A REPORT CARD ON REAGAN'S PEOPLE

By Donald Lambro

## Best Spies

**William J. Casey:** The CIA director has overcome an inauspicious start. The intelligence community didn't like his appointment, because he had no experience in modern clandestine work. Casey named a crony, businessman Max Hugel, as director of covert operations; Hugel was implicated in allegations of stock manipulation and abruptly left the CIA.

Nevertheless, Casey has shown the same skill in running the CIA that he displayed as Ronald Reagan's campaign manager and, before that, as chairman of the Securities and Exchange Commission. He inherited an agency weakened and demoralized by his predecessor, Admiral Stansfield Turner, and he has improved both its performance and morale.

"Morale is certainly higher at the agency than ever before," says an agency source. "Casey has been making the right moves. He's getting us back on track."

**John McMahon:** Unlike Casey's own appointment, his choice of McMahon to run the CIA's National Foreign Assessment Center was applauded. A career agent, McMahon is one of the most highly regarded senior officials within the CIA. He spearheaded a CIA exposé of the Soviet Union's worldwide disinformation and forgery activities.

Casey was alarmed by apparent weaknesses of the agency's analytical output, and told McMahon to shape up the division quickly so government policy-makers would get accurate insight and analysis on a broad range of strategic issues. Intelligence sources credit McMahon with instituting changes long overdue. "We can already see an improvement," one reports.

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## COMMENT

### See No Evil

The Ninety-seventh Congress is well on its way toward endorsing and enforcing a long-standing CIA maxim: What you don't know won't hurt you. The Intelligence Identities Protection Act, which would provide up to ten years' imprisonment for revealing the identity of a covert U.S. agent, swept through the House in September and seems certain, at this writing, to clear the Senate.

Rarely has there been so forthright an effort to smother dissent about intelligence policy. The bill would even make it a crime to divulge information that has already been made public. Once again, the real secret that the Government seems determined to protect is that there is no secret. The bill was originally sponsored by House Intelligence Committee chairman Edward P. Boland, Massachusetts Democrat, to keep the Washington-based *Covert Action Information Bulletin* from identifying the spies whose names can readily be found in such public documents as State Department biographical registers.

What outrages the CIA establishment is not the exposure of spies, per se, but the exposure of holes in the agency's cloak of secrecy. The real virtue of "secrecy" lies in protecting the CIA and its activities from public discussion and debate.

The Intelligence Identities Protection Act is obviously not in tune with the First Amendment, and a few members of the

House refused to support it because they believed it could not pass constitutional muster. (Boland himself voted against it after wording which tied guilt to "intention to impair . . . foreign intelligence activities" was expanded to include those who merely "had reason to believe" their disclosures would harm the CIA.) But ultimately, securing judicial sanction for the bill should not be a problem. The Supreme Court, after all, has already affirmed the Government's right to exercise prior restraint over criticism of foreign policy by upholding the State Department's revocation of former CIA agent Philip Agee's passport. Agee was declared a national security risk after identifying several spies and suggesting, in 1979, that the United States exchange CIA files on Iran for hostages.

The ostensible rationale for the Intelligence Identities Protection Act was provided by the December 1975 assassination of Richard Welch, CIA station chief in Athens, after his name was published in *CounterSpy* magazine. Few have cared to point out that Welch was mistakenly identified by the magazine as CIA station chief in Peru, and that, at a time of strong anti-CIA feeling in Greece, he was living in a house widely known to belong to the local CIA chief. Furthermore, according to Chuck Fager in recent articles in the *Bay Guardian* and *In These Times*, the CIA already knew Welch was on shaky ground and "repeatedly urged [him] to find other housing."

The CIA has used this and other examples to pressure Congress for exemption from press and public scrutiny. With passage of the Intelligence Identities Protec-

tion Act all but assured, the agency is already pushing the House Intelligence Committee to undermine the First Amendment still further. Director William J. Casey has called for legislation that would give the CIA blanket exemption from the Freedom of Information Act, arguing, "There are inherent contradictions in applying a statute designed to secure openness in government to agencies whose work is necessarily secret." But the inherent contradiction lies elsewhere—in shielding from public scrutiny the actions of an agency that has constantly engaged in conduct that the people would forbid—if they knew about it.

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ON PAGE C1

THE WASHINGTON POST  
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# Sic the CIA On Its Buddies In Libya

By Mary McGroarty

THE CIA WANTS authority — for what reason we are, naturally, not told — to go back to spying on Americans.

They want to infiltrate domestic organizations. They did that without permission for many years, we found out.

**MARY MCGROARTY**

later. Okay, it's nice of them to ask, and we've got the perfect opener for them. How about infiltrating their own Old Boy Network?

Let them break out the red wigs — you remember, they provided one for old grad Howard Hunt for his famous hospital interview with Dita Beard. Let them get the voice-altering devices, and send them to The Company's alumni meetings.

Maybe they could find out how many retired spooks are in touch with two former employees, Edwin P. Wilson and Frank Terpil, who are engaged in some mysterious but highly lucrative business with Col. Muammar Qaddafi, the Libyan dictator the Reaganites all love to hate.

The CIA can't do a thing with Wilson and Terpil, who are under indictment for exporting explosives to Libya. They are also engaged in recruiting U.S. pilots and mechanics to fly and service airplanes.

Actually, there would be nothing illegal about an investigation of Wilson and Terpil. In 1975, as a consequence of the Rockefeller Report — which was commissioned to look into revelations about the kind of activities that the CIA wishes to resume — an executive order was issued that would "permit surveillance on anyone associated with the CIA past or present, for security purposes."

So far the agency has used that paragraph to muzzle former agents like Victor Marchetti and to impoverish Frank Snepp, two ex-agents who wrote books critical of the CIA.

Surely, Wilson qualify for a "s to former Pres dealings with President Gerald Richard N Bush calls him World War III

Plainly a bad hat. And Wilson and Terpil are helping him every way they can. Maybe they even broke in the death squad which was dispatched to Rome to "terminate with extreme prejudice" our ambassador to Italy, Maxwell D. Rabb.

The CIA can do nothing to stop them. It is absolutely powerless. The New York Times has been looking into the matter. Its reporters do not have red wigs or voice-altering devices, but they have managed to find out a great deal about Wilson and Terpil. They have traced their agents to a little town in Alabama, where a Green Beret recruiter waves big bills at innocent southern boys and tells them there's more for them if they go to Libya.

The Times, which maintains no safe houses, conducts no drug experiments, also discovered that Wilson has helped one other CIA Old Boy to get a start in business. It also found out that Wilson has several posh pads in London and a country house, where an operative suspected of involvement in the attempted murder of a Libyan student in Colorado was sheltered while on the run.

Has CIA Director William J. Casey made patriotic appeals to them to cease and desist? Has the Old Boys Network Newsletter written a withering editorial about them and sent it to Tripoli where Terpil and Wilson live in luxurious exile?

Of course, if you really want to be paranoid about it — and after "Operation Chaos," why shouldn't you be? — you can entertain the possibility that, under a terrifically elaborate cover, Wilson and Terpil are really still working for the CIA.

Is it possible that the agency has already let out a contract on Qaddafi, and that their two alumni got it? Is some poisoned diving suit being even now being constructed in the cellar at Langley? Have the makings of a toxic cigar already been shipped? Will Wilson and Terpil put on red wigs and put in voice-altering devices, steal into Qaddafi's lair, tell him they are from the KGB and must take him immediately to Moscow to be interviewed as a successor to Brezhnev, — without mentioning they are going to drop him off the plane en route?

You would think that if the CIA really disapproved of what Wilson and Terpil are doing, they would find a way to say so. But the State Department, confronted with accounts of widespread recruitment, says weakly, that "Some Americans may be involved in civil aviation in Libya." May be? Times reporters have talked to Americans who were involved. So, incidentally, has the FBI — which the CIA doesn't think is up to the domestic investigating job.

Maybe they ought to drop it for a while and concentrate on infiltrating the Alumni Society. Before unleashing their like upon us, they ought to figure out a way to